U.S. DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

1934 HEARINGS ON PROPOSED NAVAL STORES MARKETING AGREEMENT

1939

514277

1934

INDEX TO EXHIBITS

Government Exhibit No. 1,	(In Evidence)	10
Exhibit No. 2, Mr. Braun	" "	26
Exhibit No. 3, Submitted by Mr. Millard	" "	133
Exhibit No. 4, Submitted by Presiding Officer	" "	314

Notice of Hearing 7

Designation of Presiding Officer 9

INDEX TO WITNESSES

Mr. Cal F. Speh, 1305 Barnett Bank Bldg., Jacksonville, Florida, representing the Control Committee 13

Mr. J. E. Lockwood, 715 Liberty Nat'l Bank Bldg., Savannah, Georgia, representing self 31

Mr. Milard Reese, Brunswick Georgia, representing The Downing Company Inc., Factor, and others 36

Mr. W. A. Booth, Manor Georgia, representing Manor Trading Company, W. S. Bothand B and H. Still 39

Mr. Julin E. Fant, Jacksonville, Florida, representing Nelio-Resin Coporation 40

Mr. O. T McIntosh, Savannah, Georgia, representing Southern States Nval Stores Company 40

Mr. Geor T. Rives, Brunswick, Georgia, representing The Odum Turpenti Company 41

Mr. D. A.Sapp, Savannah, Georgia, representing Operators, Factorage Copany, J. A. Floyd & Compaay and R. B. Carnes 50

Mr. H. M.Wilson, Jacksonville, Florida, representing Flash Pine Farms, In, Stockton, Georgia, Diamond Turpentine Corporation, and Turpeine & Rosin Factor, Inc. 56

INDEX TO EXHIBITS

Government Exhibit No. 1, (Not Offered) 10

Exhibit No. 2, Mr. Wynne " " " 26

Exhibit No. 3, submitted by Mr. Mellard " " 128

Exhibit No. 4, submitted by Presiding Officer " " 214

Motion of Dismiss 7

Determination of Presiding Officer 9

INDEX TO WITNESSES

Mr. Carl A. Brown, 1608 Harvard Ave. Sig., Jacksonville, Florida, representing the Coastal Construction 12

Mr. J. L. Lockwood, 710 Liberty Nat'l Bank Bldg., Savannah, Georgia, representing self 21

Mr. Willard Jones, Statesboro Georgia, representing the Dorsey Company Inc., Madison, and others 26

Mr. W. E. Smith, Macon Georgia, representing Macon Building Company, C. P. Bothwell Wood E. Small 29

Mr. Felix E. Wood, Jacksonville, Florida, representing Metropolitan Construction 32

Mr. J. Wakefield, Savannah, Georgia, representing Atlantic States Tool Figure Company 40

Mr. Gene T. Ulmer, Brunswick, Georgia, representing the Ogden Supply Company 41

Mr. E. Jackson, Savannah, Georgia, representing Jackson Hardware Company, J. A. Lloyd & Company and J. S. Cobbs 50

Mr. R. McMillan, Jacksonville, Florida, representing Jack Tilm Funes, Inc. Highlands Concrete, Thomas Turpentine Construction and Turpentine & Hoyle Pavers, Inc. 56

INDEX TO WITNESSES (Continued)

Mr. T. S. Boykin, State Line, Miss., representing Boykin & Son, and others 58

Mr. R. E. Benedict, Brunswick, Georgia, representing Brunswick Peninsular Company 59

Mr. C. C. Huxford, appearing for self and J. O. Huxford 63

Mr. W. C. Rogers 66

Mr. W. M. Oettmeier, Fargo, Georgia, representing Superior Pine Products Company 69

Mr. J. H. Pace, Pensacola, Florida, representing Pace Brothers 133

Mr. Thomas I. J. Aycock, Jacksonville, Florida, representing Aycock Insey Corporation 193

Mr. M. J. Roess, 1524 Barnett National Bank Bldg., Jacksonville, Florida, representing Columbia Forests and Farms, Inc. 243

Mr. W. M. Oettmeier, Fargo, Georgia, Recalled 274

Mr. Julius E. Fant, Jacksonville, Florida, representing Nelio-Resin Corporation 281

Mr. F. L. Fogarty, Box 389, Jacksonville, Florida, representing Nelio-Resin Corporation 297

Mr. L. H. Waters, Jacksonville, Florida, representing Orange Creek Turpentine Company 319

Mr. S. J. Hall, Jacksonville, Florida, representing Forest Managers, Inc. et al 349

INDEX TO WITNESSES (Continued)

Mr. T. E. Boykin, State Line, Miss., representing Boykin & Son, and others 88

Mr. R. E. Benedict, Brunswick, Georgia, representing Brunswick Veneer Company 90

Mr. G. C. Ashford, appearing for self and J. O. Buckard 88

Mr. W. G. Rogers 83

Mr. W. M. Oettmeier, Perry, Georgia, representing Superior Pine Products Company 89

Mr. J. . Pace, Pensacola, Florida, representing Pace Brothers 125

Mr. Thomas L. J. Aycock, Jacksonville, Florida, representing Aycock Lumber Corporation 132

Mr. M. J. Rosse, 1324 Barnett National Bank Bldg., Jacksonville, Florida, representing Columbia Forests and Veneer, Inc. 243

Mr. W. M. Oettmeier, Perry, Georgia, Recalled 274

Mr. Julia K. Pent, Jacksonville, Florida, representing Nelle-Pent Corporation 281

Mr. T. L. Sperry, Box 889, Jacksonville, Florida, representing Nelle-Pent Corporation 287

Mr. L. K. Waters, Jacksonville, Florida, representing Green Turpentine Company 312

Mr. S. J. Ml, Jacksonville, Florida, representing Forest Managers, Inc. et al 346

M11
lwc

BEFORE THE SECRETARY OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION.

IN RE: HEARING WITH REFERENCE TO A PROPOSED MARKETING AGREEMENT FOR GUM-TURPENTINE AND GUM-ROSIN PROCESSORS.

Docket No. MA-250-L-28

The proposed marketing agreement for gum-turpentine and gum rosin processors, the proposed amended license for gum-turpentine and gum rosin processors, and the suggested Amendment to basis of allotment contained in proposed marketing agreement and proposed amended license for processors of gum turpentine and gum rosin, in their present form are proposed as the basis of a public hearing for the above-mentioned industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.

Jacksonville, Florida,

Gum Turpentine and Gum-Rosin Processors.

Mayflower Hotel,

Jacksonville, Florida,

Monday, November 26, 1934.

[illegible]

[illegible]

[illegible]

The hearing in the above entitled matter came on before the Secretary of Agriculture, Agricultural Adjustment Administration, at 9:30 o'clock a.m.

PRESENT:

HARRY C. COOK, Presiding Officer.

JAY WARD, representing the Secretary of Agriculture.

ROBERT SHER, Attorney, Legal Division, Agricultural Adjustment Administration.

E. W. BRAUN, Senior Agricultural Economist, Agricultural Adjustment Administration.

JOSEPH KIRCHER, Regional Forester, U. S. Forest Service, Atlanta, Georgia.

R. W. HADLEY, Forest Code Examiner, U. S. Forest Service.

EDWARD E. GALLAHUE, Consumers' Counsel, Agricultural Adjustment Administration, Department of Agriculture.

THOMAS I. AYCOCK, Jacksonville, Florida, representing Aycock Lindsey Corporation, Shamrock, Florida.

W. J. BARLOW, Douglas, Georgia, representing W. J. Barlow and Barlow Company.

R. E. BENEDICT, Brunswick, Georgia, representing Brunswick Peninsular Company, Brunswick, Georgia.

S. H. BERG, P. O. Box 1287, Jacksonville, Florida, representing Peninsular Naval Stores Company, Jacksonville, Florida.

W. S. BOOTH, Manor, Georgia, representing the Manor Trading Company, W. S. Booth and R. H. Still, Manor, Georgia.

T. S. BOYKIN, State Line, Miss., representing Boykin & Son, State Line, Miss., T. J. Bailey, N. E. Lucas, S. J. Wilkins, State Line, Miss.,

The [illegible] is too [illegible] [illegible] [illegible]

W. A. Mosingo, Waynesboro, Miss., J. O. Bunch, Clara, Miss., Mills & Jones, Buestumma, Miss., J. A. Scorbonaugh, Yellow Pine, Alabama, C. D. Scott & Co., Yellow Pine, Alabama, J. L. Jordan, Chateau, Alabama, J. G. Mills, Chateau, Alabama, G. W. Hurst, Chateau, Alabama, F. E. Bumpers, Cortelyou, Alabama, W. M. Turner, Burbank, Alabama, Cleve Prine, Citronville, Alabama, and J. F. Tetter, Burbank, Alabama.

T. S. BOYKIN, State Line, Miss., Boykin and Son, et al., State Line, Miss.

A. L. BROGDEN, 1420 Barnett Nat'l. Bank Bldg., Jacksonville, Florida, representing Adamson & Co., Inc., Day Florida, and Cropps Turpentine Company, Hines, Florida.

A. F. BULLARD, De Funiak Springs, Florida.

DAVID N. BURRUSS, JR., Cleveland, Ohio, representing Nelio-Resin Corp., Jacksonville, Florida.

J. N. CARTER, Rockingham, Georgia, representing Carter & Carter, Rockingham, Georgia.

AUSTIN CARY, Lake City, Florida, representing U. S. Forest Service.

C. C. CHAPPELL, P. O. Box 386, Cordele, Georgia, representing Onyx Turpentine Corporation, Oconee Naval Stores Company, Naval Stores Operators, Inc., P.O. Box 386 Cordele, Georgia.

McGARVEY CLINE, 2593 Riverside Avenue, Jacksonville, Florida, representing Wood Process Company, Inc., Barnett Building, Jacksonville, Florida.

A. CORBETT, Willacoochie, Georgia, representing himself.

JULIAN E. FANT, Florida Theatre Building, Jacksonville, Florida, representing Nelio-Resin Corporation, Jacksonville, Florida.

F. L. FOGARTY, Box 389, Jacksonville, Florida, Nelio-Resin Corporation, Box 389, Jacksonville, Florida.

[illegible]

[illegible]

[illegible]

E. W. HADLEY, Forest Code Examiner, 1711 Pere Marquette Bldg., New Orleans, La., representing Forest Service, Department of Agriculture, Washington, D.C.

S. J. HALL, 1407 Barnett Bldg., Taylor Land Corporation, Taylor Naval Stores Co., representing Forest Managers, The Southern Resin & Chemical Co., 1407 Barnett Bldg., Jacksonville, Florida.

JAMES H. HAMILTON, Bailey, Georgia, representing H. M. Currie, Alamo, Georgia.

D. L. HANDLEY, Holspaw, Florida, representing Peavy Wilson Lumber Co., Inc., Holspaw, Florida.

W. G. HARDY, Overstreet, Florida, representing himself.

S. P. Husband, Port St. Joe, Florida, representing Husband Turpentine Company.

C. C. HUXFORD, Mobile, Alabama, representing C. C. Huxford, Townsend, Georgia.

H. L. KAYTON, Savannah, Georgia, representing Carson Naval Stores Co., Savannah, Georgia.

JOSEPH C. KIRCHER, U. S. Forest Service, Atlanta, Georgia, representing U. S. Forest Service, Atlanta, Georgia.

T. P. KIRKLAND, Douglas, Georgia, representing H. Kirkland Naval Stores Co., Douglas, Ga.

H. LANGDALE, Valdosta, Georgia, representing various processors.

JULIAN LANGNER, 221 Investment Bldg., Washington, D.C., representing in Washington Control Committee for Gum Turpentine and Gum Rosin Processors, Jacksonville, Florida.

J. E. LOCKWOOD, 715 Liberty National Bank Bldg., Savannah, Ga., representing myself as naval stores consultant.

[illegible]

[illegible]

[illegible]

W. E. McARTHUR, Jax, Alabama, representing himself.

O. F. McEACHIN, McRae, Georgia, representing W. F. and O. F. McEachin, McRae, Georgia.

O. T. McINTOSH, Savannah, Georgia, representing Southern States Naval Stores Co., Savannah, Georgia.

E. E. MILES, Baxley, Ga., representing Miles Dum Turpentine Company, Baxley Turpentine Company, Pine Grove Stores Company, Baxley, Georgia, and Jesup Turpentine Company, Jesup, Georgia.

ISAAC MOODY, Baxley, Georgia, representing Isaac Moody & Company, processors, Baxley, Georgia.

ROBERT M. NEWTON, Wiggins, Mississippi, representing Chairman Control Committee, Newton Naval Stores Co., Wiggins, Mississippi.

W. M. OETTMEIER, Fargo, Georgia, representing Superior Pine Products Company, Fargo, Georgia.

J. G. PAGE, Pensacola, Florida, representing Page Brothers, Pensacola, Florida.

V. G. PHILIPS, Wakulla, Florida, representing Philips Turpentine Company, Inc., Wakulla, Florida.

J. L. PRINCE, Pelham, Georgia, representing J. L. Prince & Son, Pelham, Georgia.

J. L. Prince, Pelham, Georgia, representing Moore Prince & Company, Pelham, Georgia.

WALTER RAY, Jacksonville, Florida, representing Clark-Ray-Johnson Company, Ocala.

MILLARD REESE, Brunswick, Georgia, representing the Downing Co., Inc., Brunswick, Georgia.

GEORGE T. RIVES, Brunswick, Georgia, representing Odum Turpentine Company.

4. J. Dauphin, Jr., Atlanta, representing Elmwood.

5. F. Jackson, Macon, Georgia, representing E. F. and W. T. Grant, Macon, Georgia.

6. T. Bartlett, Savannah, Georgia, representing Modern Drug Stores, Inc., Savannah, Georgia.

7. C. Ellis, Dallas, Ga., representing Ellis Jewelry Company, Dallas Enterprise Finance, Ellis Store Jewelry Company, Dallas, Georgia, and Jones Furniture Company, Dallas, Georgia.

Paulo Lucky, Dallas, Georgia, representing Jones Dual Co. Company, Dallas, Georgia.

Robert A. Morris, Atlanta, Georgia, representing Southern Central Insurance, Morris Wood Stores Co., Atlanta, Georgia.

8. W. Mitchell, Macon, Georgia, representing Sunbeam Vita Products Company, Macon, Georgia.

9. C. Hall, Jacksonville, Florida, representing Jack Sprayers, Jacksonville, Florida.

10. A. Mullins, Mobile, Alabama, representing Mobile Telephone Company, Inc., Mobile, Alabama.

11. L. Mitch, Dallas, Georgia, representing J. L. Mitchell & Son, Dallas, Georgia.

12. L. Milton, Dallas, Georgia, representing Jones Pilgrim Company, Dallas, Georgia.

Mitchell Bill, Jacksonville, Florida, representing Bill-Jo-Jones Theatre, Inc.

Willie Green, Macon, Georgia, representing Jim Dandy Co., Inc., Macon, Georgia.

George T. Green, Macon, Georgia, representing Green Properties Company.

GEORGE T. HIVES, Brunswick, Georgia, representing White Springs Naval Stores Company, White Springs, Florida, Ludowici Place, J. H. Vickers, Manager, Ludowici, Georgia, Coastal Turpentine Company, Brunswick, Georgia, Box 257; Home Realty Company, Box 257, Brunswick, Georgia; Union Turpentine Company, Lake Park, Georgia; and The Downing Company, Inc., Brunswick, Georgia

M. J. ROESS, 1624 Barnett National Bank, Jax, Florida, representing Columbia Forests & Farms, Inc.

A. T. RUSS, Nichols, Georgia, representing himself.

J. D. RUSS, Jr., West Florida Naval Stores Co., Pensacola, Florida.

D. A. SAPP, P. O. Box 582, Savannah, Georgia, representing J. A. Floyd & Co., and R. R. Carnes, Savannah, Georgia.

T. J. SMITH, McRae, Georgia, representing himself.

CARL F. SPEH, 1305 Barnett Bldg., Jax, Florida.

J. W. TEPPENS, Baxley, Georgia, or White Springs, Florida, representing Tippins & Anderson and all processors.

E. R. TURNER, Barwick, Georgia, representing Brooks County Naval Stores Company, Barwick, Georgia.

THOMAS L. WATERS, care of the Lurton Company, representing Osaka Naval Stores Co., Flomaton, Alabama.

L. H. WATERS, Box 1257, Jacksonville, Florida, representing Orange Creek Turpentine Corporation.

H. WEIBERT, Jacksonville, Florida, representing Peninsular Naval Stores Company.

H. M. WILSON, Jacksonville, Florida, representing Slash Pine Farms, Inc., Stockton, Georgia, Diamond Turpentine Corporation, Nahunta, Georgia, and Turpentine and Rosin Factors, Inc., Jacksonville, Florida.

PROCEEDINGS.

PRESIDING OFFICER COOK: The hearing will come to order.

The Secretary of Agriculture has set this time and place for hearing upon a proposed marketing agreement for gum turpentine and gum rosin processors, also a proposed amended license for gum turpentine and gum rosin processors. A copy of this proposed marketing agreement and license has been filed in the office of the Chief Clerk of the Department of Agriculture, pursuant to regulations, and will continue to be on file in that office during the entire hearing. It will be open for inspection at any time to any person who may be interested. Copies of the same have been distributed throughout the room and additional copies may be obtained by application to the Bench or you may help yourselves from the copies laying on the reporter's desk.

Notice of the time, place and purpose of the hearings have been duly given in accordance with the statute in such cases made and provided, as well as in accordance with the regulations as adopted by the Department of Agriculture, pursuant to such statute. I will now read the notice of hearing as signed by the Secretary of Agriculture.

"Notice of hearing with respect to proposed marketing agreement and amended license.

Whereas, under the Agricultural Adjustment act, approved May 12, 1933, as amended, and under General Regulations, Series 1, Revision 1 and General Regulations, Series 9, all as amended, of the Agricultural Adjustment Administration, and

WHEREAS, a Marketing Agreement for Processors and Producers of Gum-Turpentine and Gum-Rosin has been proposed to be executed pursuant to section 8 (2) of the Agricultural Adjustment Act, and

WHEREAS, the Secretary has determined that there is reasonable cause to believe that pursuant to section 8 (3) of a said Act, in order to effectuate the declared policy of the Act, it is necessary to amend the license heretofore issued for gum-turpentine and gum-rosin processors.

NOW, THEREFORE, pursuant to said Act and said General Regulations, notice is hereby given of a hearing to be held at the Mayflower Hotel, Jacksonville, Florida, on November 26, 1934, at 9:30 a.m., at which hearing interested parties will be heard with reference to said proposed marketing agreement to be executed under section 8 (2) of said Act, and with reference to the issuance of an amended license and the terms and provisions thereof, to be issued pursuant to section 8 (3) of said Act, and with reference to any amendments to the proposed marketing agreement or amended license.

Copies of such proposed marketing agreement and of such proposed amended license are now on file and available for inspection and distribution in the office of the Chief Hearing Clerk, Department of Agriculture, Washington, D. C.

The proposed amendments to the license for gum-turpentine and gum-rosin processors relate to a change in the method of allotments; a change in the method of distribution of tags; and other matters.

H. A. WALLACE

Dated: November 15, 1934. Secretary

Washington, D. C. "

The Secretary of Agriculture has designated me as Presiding Officer for this hearing. I will now read the designation as signed by the Secretary.

"Designation of Presiding Officer.

In accordance with Section 204 of the General Regulations, Series 1, Revision 1 and General Regulations Series 9, both as amended, of the United

States Department of Agriculture, Agricultural Adjustment Administration, I hereby designate Harry C. Cook to succeed G. J. Gifford, as Presiding Officer to conduct a hearing as provided in the Notice of Hearing dated November 13, 1934, to be held on November 26, 1934, and thereafter until concluded, upon a marketing agreement for processors and producers of gum-turpentine and gum-rosin which has been proposed to be executed pursuant to Section 8 (2) of the Agricultural Adjustment Act and the issuance of an amended license for gum turpentine and gum-rosin processors which the Secretary has determined that there is reasonable cause to believe pursuant to Section 8 (3) of said Act, in order to effectuate the declared policy of the Act, is necessary. The above named Presiding Officer shall conduct such hearing in accordance with the aforesaid regulations, and shall perform the functions and duties and be vested with the powers therein provided.

IN testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington, this 19th day of November, 1934.

M. L. WILSON

Acting Secretary."

The notice of the hearings, copy of the proposed marketing agreement and proposed license, the proposed amended license, and other legal documents pertaining to the calling of this hearing are on file in the office of the Chief Hearing Clerk of the Department of Agriculture, Agricultural Adjustment Administration and certified copies of the same are in this exhibit, which will be marked Government Exhibit No. 1, now received in evidence as Exhibit No. 1 and made a part of the record.

(The document containing the proposed marketing agreement, and so forth, as submitted by the Presiding Officer, was marked Government's Exhibit 1, and is attached to this record.)

PRESIDING OFFICER COOK: This latter document will be open for inspection at any time by anyone who wishes to read it over.

Ten days after the close of the hearing will be allowed for the filing of briefs or other written testimony. In computing the time for filing briefs the day following the close of the hearing will be considered as the first day and all material will be considered as mailed within the allotted time if postmarked from the post office from which mailed by midnight of the last number of days allowed, unless the last day falls on a Sunday or holiday, in which case the following day will be considered as within the proper time. All briefs or other written material submitted after the close of the hearing must be submitted in quadruplicate, at least, and we would prefer seven copies instead of four if it is convenient. These must be signed before a Notary Public or someone qualified to administer an oath or affirmation. The briefs or other written material must then be mailed or delivered to the office of the Chief Hearing Clerk, Agricultural Adjustment Administration, Department of Agriculture, Room 4725, South Building, Department of Agriculture, at Washington, D. C. If properly executed and mailed within the allotted time fully as much attention and consideration will be given to these briefs or other written material as is given to the oral testimony submitted at the hearing.

It should be kept in mind that this is not a judicial hearing. It is more in the nature of a fact-finding Commission. All witnesses should be as brief as possible. The Chair will be compelled to restrain any witness from endeavoring to fill the record with a lot of irrevelant

matter. We are not here to hear your local scraps or difficulties, if you have such things, and I presume if you are human that you have your own local differences and opinions. We want opinions, we want facts, but we do not care for your local disputes. That is immaterial in perfecting this record. We are here to get facts, to work with you, and to assist you in every way possible to work out your difficulties.

We have no desire to in any manner place a license in this area if it is not essential for the industry. We personally have no desire to place a marketing agreement in the area unless it is necessary and essential for the welfare of your industry. As I stated before, we are here to work with you and to help you in every way that it is possible to help.

No cross examination direct from the floor will be allowed while a witness is testifying, but the members of the Administration reserve the right to ask any questions at any time that they deem necessary in order to assist the witness in bringing out the facts, but while a witness is testifying those on the floor will please refrain from interfering with his testimony until he is through, then opportunity will be given to ask any questions that are revelant. Those questions will be addressed to the Chair, however. If the question is deemed proper the witness will be asked or permitted to answer the question according to his best judgment.

As I have stated previously, you should all be provided with a copy of this proposed agreement and proposed amended license. If you do not have a copy before we get into the actual work on the agreement, I would suggest that you come forward and help yourself to some of these up here.

At this time I would like to introduce the various members of the Administration who are on the bench with me. On my extreme right is Edward H. Gallahue, who is Consumers' Counsel of the Department and who

represents and is here in the interest and on behalf of the consuming public. Next to Mr. Callahue is Mr. E. W. Braun, who is Senior Economist in the General Crop Section. As most of you gentlemen know, the General Crop Section of the A. A. A., Department of Agriculture, is the section responsible for the license and marketing agreement for this industry. On my left is Mr. Jay Ward, whom most of you know as the Coordinator between the Secretary and this industry. On my immediate right is Robert Sher, an Attorney from the General Counsel's office, representing that office at this hearing. Next to Mr. Sher is Mr. Joseph C. Kircher, who is Regional Forester, United States Forest Service, out of the Atlanta office, and next to Mr. Kircher is E. W. Hadley, Forest Code Examiner of the United States Forest Service, out of the New Orleans office.

If there are any statements from any members of the bench at this time which you gentlemen care to make to the industry before we proceed, you may do so. (No response.) If not, I would ask someone from the industry to give us the facts which are essential at the opening. We do not care at this time for statements for or against the marketing agreement and proposed license at this time. If you have objections to an agreement or objections to a license or are in favor of it, I will ask you to withhold your statement and speech along that line until the close of the hearing, at which time ample opportunity will be given to discuss the entire agreement or to give your reasons for or against the entire agreement and license.

At this time we would like to hear from someone, giving us generally a statement covering the following topics:

First, a description of the industry and a history of the industry, bringing it as completely up to date as possible; second, something in regard to the workings of the former marketing agreement and license and

a little bit upon the necessity of continuing with some form of license and agreement; third, some opinion on the interstate, intrastate and foreign commerce feature which is connected with this industry and the intermingling of the various types of commerce; fourth, some information on parity and the cost of equipment which goes into the manufacture of this commodity as compared with the former costs, so that parity may be brought up to date; fifth, some information showing that the commodity is agricultural, as provided in the Agricultural Act. If we may hear from some of you gentlemen, giving us statements as to those things, at this time, we would appreciate it. I believe Mr. Spah, the Secretary, is in position to give us that information.

TESTIMONY OF CARL F. SPEH,
1305 Barnett Bank Bldg.,
Jacksonville, Fla.,
REPRESENTING CONTROL COMMITTEE FOR GUM TURPENTINE
AND GUM ROSIN PROCESSORS, JACKSONVILLE, FLA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK: Gentlemen, when you arise to speak, I will request that you signify whether or not you have been sworn, so that we will not have to bother you again. When you rise, please come forward, give your complete name and address and whom you represent, so that the reporter may get your complete testimony. Come forward near the bench and face the audience as much as possible because we can hear you, but the people in the back of the room may not be able to hear, and we also want to be sure to have the reporter get your entire statement.

Mr. Speh, you may proceed.

MR. SPEH: Mr. Chairman, I am not a public orator nor a practiced speaker, so if I do not make myself heard I will not feel offended if any one signifies and I will speak louder.

As we understand it, the purpose of this hearing is to ascertain the condition of the Naval Stores Industry at the present time; the benefit to the industry of the marketing agreement made effective on February 21st, 1934, and the license issued by the Secretary of Agriculture, effective July 14th, 1934; the necessity for the proposed amendments to the marketing agreement and license recommended by the Control Committee, and the desirability of substituting the suggested amendment as to the method of allocation.

Before presenting these matters to you, and in order that those who study the reports of this hearing may understand the methods employed in the production and distribution of Naval Stores, and to save as much time at this hearing as possible, we shall refer from time to time to the official report of the public hearing on a proposed agreement for gum turpentine and gum rosin, held at this hotel on November 20th to 23rd, 1933.

We have placed before the Chairman this transcript of the meeting.

Pages 27 to 52 of the official report, which is the testimony of Carl Speh, Secretary-Manager of the Pine Institute of America, and now also Secretary of the Control Committee for the current marketing agreement for gum turpentine and gum rosin processors covers very thoroughly the methods employed in the Naval Stores Industry.

You will find there the definition of Naval Stores, its history and groupings and a definition of the various trade terms which will be used during this hearing.

The Naval Stores Industry is divided into two classes known respectively as the gum naval stores industry and the wood naval stores industry.

The wood naval stores industry in turn has three recognized subdivisions known as: the steam solvent, the destructively distilled and the sulphate branches.

The manufacturers of wood naval stores, produce a competitive commodity within the meaning of the Agricultural Act and as such are licensed separately by the Secretary of Agriculture.

Copies of the licenses are available in Washington.

In the testimony of Julian Langner, at that time Secretary of the Gum Turpentine and Gum Rosin Producers Committee, pages 98 to 101 of the 1933 public hearing, the relationship of the gum naval stores industry to the wood naval stores industry is explained and that testimony could be included in the records of this hearing.

Gum naval stores, that is, crude gum, cleaned gum, gum turpentine and gum rosin are agricultural commodities within the meaning of the Agricultural Adjustment Act.

A brief supporting this conclusion was originally presented to the Agricultural Adjustment Administration on July 14th, 1933, by H. M. Wilson and it is upon the arguments presented in that brief, and by virtue of an executive order, which is also, of course, available to you, that the Agricultural Adjustment Administration took over jurisdiction of the naval stores industry.

At the November, 1933, hearing an additional brief was filed and will be found in the addenda to the bound record of the hearing, under the title of "Gum Turpentine and Gum Rosin. Supporting brief filed by producers committee," dated November 20th, 1933, and submitted by Julian Langner.

To be brief, gum turpentine and gum rosin was by Act of Congress March 3, 1931, declared an agricultural commodity. The Act was signed

and approved by President Hoover March 4th, 1931.

The distribution of naval stores in interstate and foreign commerce is inextricably intermingled with intrastate operations.

No record has ever been made of the quantity of gum turpentine and gum rosin which is shipped in intrastate commerce only.

Practically every barrel of gum turpentine and gum rosin goes into interstate and/or foreign commerce.

We would like to read into the record, pages 77 and 78 of the November, 1933, hearing, exhibit number 9, showing, among other things, the production, export and domestic consumption of American gum and wood naval stores.

It will be observed that for the twelve seasons 1921-22 and 1932-33 that the average production of American turpentine was 592,701 barrels, of which 257,498 barrels were exported and 348,709 barrels were used in domestic consumption. During the same period the average annual production of American rosin was 2,555,561 barrels, of which an average of 1,139,821 barrels were exported and 926,436 barrels were consumed in this country.

In order to expedite the delivery of gum turpentine and gum rosin from the processor to the ultimate consumer, numerous concentration points have been established by the industry. In most cases, the turpentine and rosin is either shipped intra- or interstate to these concentration points, such as Savannah, Brunswick, Jacksonville, Valdosta, Waycross, Pensacola, Mobile, New Orleans, etc., and then is shipped via rail or steamer in interstate and foreign commerce.

As to the necessity for a marketing agreement: At the November, 1933, hearing, the Producers Committee showed that the average market quotations for gum turpentine and gum rosin in the base period established by the Agricultural Adjustment Act was $61.65 per unit.

However, at the prices processors were paying for the commodities they needed November, 1933, they should have been receiving $76 per unit.

This is established by exhibit number 7, page 62, of the November, 1933, hearing.

We are preparing and wish, with your permission, to later present as an exhibit, current costs of the same supplies for November, 1934.

Have we that permission?

PRESIDING OFFICER COOK: Yes.

MR. SPEH: We also draw attention to exhibit number 6, page 60, November, 1933, hearing, showing the index figures of prices of farm products and prices of farm supplies, based upon figures issued by the Bureau of Agricultural Economics for the years 1913 to November 1st, 1933, which show that for the past twenty (20) years with the exception of five years the processors of gum turpentine and gum rosin received less for their own products than they paid for their farm supplies; and that compared with other farm products, they have received less than other farmers with the exception of six years.

At the public hearing in November last year, the proponents of the original marketing agreement showed the necessity of a marketing agreement which would control production, in the testimony of Carl Speh and Julian Langner, pages 56 to 89. That testimony also deals directly with total production to consumer demand and the contributing elements which tended, prior to the issuing of the current marketing agreement and license by the Secretary, to throw the production and consumption out of balance.

Now, there is ample evidence that the current marketing agreement has tended to largely, though not wholly, correct the inequalities between

production and consumption, prior to the effective date of the Marketing Agreement.

After ten months of operation under the terms of the current marketing agreement it is possible to appraise, to some extent, both the strength and the weakness of the agreement.

I believe I am expressing the sentiment of the Control Committee when I state that it feels that the marketing agreement has already been very valuable in effecting a better balance between production and consumption but that the time has been too short for the industry to receive the full benefit of the agreement.

Under the terms of the agreement the Control Committee is instructed to ascertain each year the total probable demand for gum turpentine and gum rosin for the ensuing season.

This year the Control Committee first determined the probable volume of gum turpentine and gum rosin which should be made available, taking into consideration existing supplies. On this basis, it set the crop for the nine-month period of April to December, inclusive, 1934, at 381,000 units. This was based on an estimated production in 1933 of 450,000 units.

Later, it developed, that the statistics for the 1933 production and the figures generally accepted by the trade prior to the filing of applications by each processor for a 1934 allotment were too low by over 60,000 units, and that the total production for 1933, instead of being 450,000 units, was 516,000 units. Therefore the Control Committee increased the volume to be marketed from 381,000 units to 436,536 units.

The beneficial effect of the agreement upon the naval stores industry may be judged by the fact that the total number of units applied

for by processors was 613,526 or 180,000 units in excess of the amount which the Committee found should be made, to balance production.

In other words, processors wanted to produce roughly 33 percent more than was necessary.

I want to say there, gentlemen, one thing. Of course, all of us realize that a producer in filing an application is prone to probably intentionally or unintentionally exaggerate his volume of production which he sincerely feels he can make; so, therefore, when these figures of the total volume which he wishes to produce, bearing in mind, as a matter of fact, he probably would not have produced that entire volume, are taken into consideration, the Committee has every reason to believe that he would have produced considerably larger than the volume allotted to him or to the industry as a whole had there been no restraining influence. Right there I would like to refer again to a statement made at the November hearing in the record there by Mr. J. C. Nash, or to a matter referred to in a letter that Mr. Nash had written. We know Mr. Nash is as well posted upon gum turpentine and gum rosin as anyone in the world. He made the statement that a reduction of 15 percent or a variation of 15 percent in the volume of available supply might possibly affect the price forty percent. I just want to point that out at this point.

The wisdom of the Control Committee in reducing the crop 180,000 units below the quantity applied for is shown by the following figures, which can be judged as typical of the condition:-

Stocks at the three ports . . . . November 15th.

	1933	1934	1934 increase
Turpentine	81,456	94,252	12,796
Rosin	213,011	285,493	72,482

So even though the crop was set at 180,000 barrels less than the amount applied for there was nevertheless an increase in stocks at these primary points of almost 13,000 casks of turpentine and 72,000 barrels of rosin on November 15th of this year.

This increase is largely accounted for by decrease in exports due to unsettled foreign conditions which would have existed with or without the marketing agreement for naval stores. There is no information which indicates any material change in the production of European naval stores, excepting Russia, about which it is impossible to procure any authentic data.

In other words, there has been a decrease in the export demand. That to a large extent is due to conditions over which we had no control, and over conditions which were not influenced one way or the other by a marketing agreement on turpentine and rosin. Yet in view of the increase in stocks the committee has set the crop for the calendar year 1935 at 450,000 units, which is a decrease of approximately 12,000 units under the allocation for the same period 1934. You will recall that the allotment for 1934 was for a nine-month period and I am just comparing that raised to a twelve months period with this 450,000 for a twelve months period.

Applications filed by processors for 1935 request a total of 660,000 units which is 210,000 units more than it is deemed advisable to produce under the existing conditions in the naval stores industry.

It is the opinion of the Control Committee that should the full volume applied for 1935 be permitted to be produced, the supply would be so far in excess of probable consumptive demand that prices would be still further below cost of production and would necessitate a great reduction in the wage scale to the labor employed in the industry.

In the face of the desire for such excessive production it is, of course, extremely difficult to satisfy by any method of allocation which might be devised, all processors.

The financial beneficial effect of the agreement is apparent when one reviews the price change since the announcement that the marketing agreement would be approved and signed by the Secretary.

This announcement was made about the beginning of February, 1934, and was reflected by an immediate rise in prices on the Savannah and Jacksonville Boards of Trade. As the peak of production was reached the volume offered on the market exceeded immediate consumptive demand and was followed by a gradual price recession.

In order to obviate the necessity for the producers and processors placing their commodity on the market during the heavy producing months, when the price of naval stores was at its low, the Control Committee was instrumental in procuring for the producers, through the Commodity Credit Corporation a credit of $6,000,000. This was made available and is now being used by producers for the purpose for which it was designed.

When the credit was first announced the immediate effect was to halt the recession in prices and to raise the market slightly.

However, the basis of the first loan, which was $40 a unit net, was found inadequate to sustain market prices which might insure to the producers reasonable cost of production. The basis of the loan was, upon the recommendation of the Control Committee and the approval of the Administration increased to $50 per unit. This new loan per unit basis, was immediately reflected in the market price which has since remained consistently at approximately a $50 per unit basis.

Right there I might say, gentlemen, there is every reason to believe that such a loan would not have been made available had there been

In the face of the issues for such monetary principles it is, of course, extremely difficult to analyze in any manner of adjustments which might be varied, all measures.

The financial institutions affect of the expressed is already some one system for their design claims by international fair for instance, economic result of history and placed by the institutes.

This accountants are such which the institute on economic, 1774, and was initiated by an insurance view it relate to the measured and functionality theory of funds. As its goal of economic is one central the values offered as the public economic insurance measure and was financed by a public price measures.

It order to states the economic use the problems and insurance planning their economic as the measure risking the their insurance system, when the value of paid, alone was at its low, are insured insurance and institutional to provide for the economic. Though the Commission insist incorporation a result of 4,000,000. That the same availability and is our point based by protecting the the insurance the risks is the insurance.

The insurance and first supported in insurance effect and is this the measures is values and to value the based principle.

However, the basis of the first insurance, which was 100 a year, the final insurance is monies insure value will legal insure in the economic measurable and of insurance. The basis of the line was high the responsibility of the United Insurance and the recovery of the institutions increased to 500 per year. This was then the most basis, was institutions initial in the annual insure which was also insured insurance is 500 per year.

Even since I began my criticism, there is many reason to believe that such a case will not have been made equitable but have been

no restriction on production; in other words, no restraining influence, I might say, on increasing the available supply.

While it is recognized that it is extremely difficult, if not impossible to state what would have happened under another set of conditions such as unregulated production, it would appear, from a review of the above statistics, that the marketing agreement and accompanying license has been beneficial to the processors, to the producer, to the woods worker, to the land and timber owner and to the entire community and that it has tended to effectuate the purpose of the Act.

I think we all agreed that only in the light of experience can we correct inequalities which may have inadvertently crept into this, or any marketing agreement or license.

The Control Committee is bound to a strict and unbiased interpretation of the current marketing agreement and license subject to the approval of its interpretation by the Secretary.

As the Committee cannot go beyond this strict interpretation, where any inequality in the marketing agreement may have been uncovered, the Control Committee has been limited in its power to correct such inequalities.

The Control Committee recognizes the right of the Secretary to amend the license at any time, and to correct by licensing only without any marketing agreement such as inequalities as might have been uncovered by its experience in making allotments both for 1934 and 1935.

Therefore, the Control Committee requested the Secretary to amend the marketing agreement and license.

As we understand it, it is because of this request which is an effort on the part of the Control Committee, as the result of its experience to correct anything seemingly unfair or unjust in the current marketing

agreement and license, that we understand the Secretary has issued the new proposed amended license and marketing agreement upon the merits of which the present hearing is being held.

The Control Committee has analyzed the proposed marketing agreement and proposed amended license very carefully and have some suggestions and recommendations to make to the Secretary.

As they are read, paragraph by paragraph, with your permission, we shall offer the suggested changes referred to and the reasons therefor as we proceed with the hearing.

PRESIDING OFFICER COOK: Would you at this time like to incorporate those sections which you have referred to and the brief referred to in the transcript of the hearing of last November?

MR. SPEH: I would like to do that, yes.

PRESIDING OFFICER COOK: The record may show that the pages of the transcript of the record of a public hearing upon a proposed marketing agreement as submitted with reference to the gum rosin and gum turpentine industry, held under the direction of the Secretary of Agriculture at the Mayflower Hotel, Jacksonville, Florida, on November 20th to 22rd, together with the briefs which were filed and which are attached to that transcript, as referred to by Mr. Speh, have been offered in evidence by Mr. Speh and may be incorporated in the record by reference.

I might state for the benefit of Mr. Speh and other gentlemen that it is not necessary to file additional briefs or statements. At any time within the ten-day period, whether you ask permission or not, the record is open for any additional briefs or statements which would be of help or assistance or which you feel might be of assistance to the Department in properly setting up a license and agreement. It is not necessary to ask any further permission.

Tyrrell and Linton, that we believe the Institute has issued the most progressive journal library and institute statement that marks of which the present leaning is being led.

The Editorial Committee has analyzed the proposed revisions carefully and recommended several lines very carefully and have made suggestions and recommendations in each of the instances.

In that one case, introduced by Mr. Stevenson, with your permission, we shall offer the appropriate amendment to and the resume discussion to be treated with the instance.

Mr. Stevenson (Florida Lake): Would you at this time like to incorporate those questions which you have referred to and the total referred to in the Executive of the Meeting of last November

Mr. Ford: I shall like to do that, yes.

President Jerrie Hall: The record may show that the report of the President of a public library from a proposed membership agreement is submitted with recommendations to the pro-rata and the Corporation Industry, both under the direction of the Secretary of Institute to the Michigan Hall, Indianapolis, Florida, on December 2nd to 4th, 1948, with the results were fine and which are attached to that transcript, as related to by me. Yes, have been referred to previous by me. Yes and may be incorporated in the record as mentioned.

I am the same for the Society of Lib. Yes and Labor-problems that is not necessary in this additional benefits by statement. If any item appears in the minutes, matter you are concerned in it, the period is that for our affiliated Society to determine which for it will be matters or which you feel which is of importance to the Department of Research matters in a library use statement. It is not necessary to get the further resolution.

Are there any questions of Mr. Speh from the bench?

(No response.)

Any questions from the floor? (No response.)

If not, Mr. Speh may be excused.

(Witness excused.)

PRESIDING OFFICER COOK: Mr. Braun of the General Crop Section has a statement which he would like to make.

MR. BRAUN: In the past it has come to our attention that many of the people attending the hearings on different agricultural commodities were not familiar with the objectives of the Agricultural Adjustment Act. So in the event there are any present I would like to briefly sketch the objectives of the Agricultural Adjustment Act. They have already been touched on to some extent by Mr. Speh's statements.

During the course of economic events in recent years, particularly since the current depression began, agricultural commodities rather generally over the United States dropped much more than did the price of the things that they bought, and prices of industrial products in general. The industrial industries were in a much better position to adjust their production when the demand fell off. I will not go into the question as to why the demand fell off. When the depression began, the demand fell off sharply. Industrial concerns were in a much stronger position to adjust their production and marketing to the change in consumer demand. Agricultural commodities, because of the very nature of them, were not in position to do so. There are a large number of producers producing individually, to a large extent unorganized, and if individual groups, such as under the cooperative marketing idea, attempted to adjust, they simply set up benefits that were reaped by people on the outside. So the Agricultural Adjustment Act was adopted and its prime objective is to relate to the last two problems which I have mentioned.

[illegible]

[illegible]

[illegible]

assist the agricultural industry to adjust production and their marketing in such a way as to help bring the prices of their products on a par, so to speak, with other prices.

Most of you are familiar, you probably are all familiar, with the marketing agreement which was adopted for gum turpentine and gum rosin last year. That was an effort in which you got together and arranged to do something which it was possible for you to do. You limited your production down from what it would otherwise have been and thereby greatly increased the returns to the industry over that which it would have been if you had not control.

Now, there are certain major problems that you have to deal with and which are connected with this matter. One is that you have a very direct competitor on the part of those who produce wood turpentine and wood rosin. Those industries were not classed as agricultural commodities. They are, however, directly competitive to gum and the Agricultural Adjustment Act provides that the Secretary may license industries that are directly competitive with those industries that have developed marketing agreements. So the wood turpentine people were licensed and that problem was achieved.

There remains the question of assured complete participation, and by that I mean that all parts of the industry must participate in a program which is designed to benefit the industry. We have before us the questions relating to and revolving around those matters which require that all parts of the industry participate and I mean by that, that all parts of the industry may take part in the program. Then there is, perhaps a third problem and that is, in so far as can possibly be worked out, that participation must be equitable as between the different parts of the industry. So the proposed amendments or proposed details which we are concerned about relate to the last two problems which I have mentioned.

Mr. Chairman, I have an economic statement relating to the gum turpentine industry and also relating to certain aspects of the wood industry which I would like to submit as a part of the record. I do not have copies with me, but I will submit them when I return to the Department.

PRESIDING OFFICER COOK: The record may show documents entitled, "Economic facts relating to the gum turpentine and gum rosin industry in the United States," as submitted by K. W. Braun, Senior Agricultural Economist, dated November 24, 1934, has been offered in evidence. This document may be marked exhibit 2 and attached to the record. There being only one copy, this will be returned to Mr. Braun, and additional copies will be furnished for the record upon Mr. Braun's return to Washington.

(The document entitled, "Economic Facts Relating to the Gum Turpentine and Gum Industry in the United States," as submitted by Mr. Braun, was marked Exhibit No. 2, and is attached to this record.)

PRESIDING OFFICER COOK: At this time I would like to give you an idea of the way we prefer to conduct the remainder of the hearing. As I stated some time ago, we do not want to get into a discussion of those for or against a marketing agreement or license at this time. You have before you copies of a proposed marketing agreement and the proposed amended license for the industry. We would like to refer to these proposals, first referring to the first page of the agreement and then we will discuss it, ask questions, answer questions, accept any amendments and have a general discussion of that paragraph and article. After we have completed that paragraph we are working on, we will refer to the corresponding paragraph in the license, which commences with page 17 of

the document you have before you. If there are any amendments or questions, do not hesitate to express yourself. We want to get the various ideas of these different sections, but kindly make your statements relative to the individual sections under consideration and try not to get onto some other section which we will reach at a later time.

If there are any general amendments to the entire proposal or additional articles or sections which you would like to submit, we would kindly request that you submit those after a full discussion of the proposal which we have before us.

At this time we will turn to page 1 of the proposal which you have before you and if you are not supplied with a copy, we will recess for a minute or two, if necessary, so that you may all get a copy. There are plenty of them here, and a large number have been distributed.

I will read the first page of the marketing agreement, entitled, "Marketing agreement for gum-turpentine and gum-rosin processors."

(The first paragraph under Article I - Purposes - of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions on that paragraph?

MR. SPEN: Mr. Chairman, I would like to offer a statement in connection with the title. The marketing agreement under consideration now includes both contract processors and producers of crude gum. The inclusion of producers of crude gum which now recognizes a class which until the Agricultural Adjustment Act was amended was excluded from the provisions of the marketing agreement but not from its benefits. The Control Committee suggests that until the Agricultural Adjustment Act is amended so that the Secretary can also license producers that there is no particular benefit to the producers of crude gum through his inclusion

in the marketing agreement as under the provisions of the agreement and license he is thoroughly protected. The Control Committee, because it feels that the producer is protected, whether he be included or not in the marketing agreement, has no specific recommendations to make as to inclusion or exclusion.

Of course, as the proposed agreement is written, there is constant reference to the term "producers" and the term "crude gum." As we have attempted to make the position of the Control Committee clear on this point, we see no useful purpose in bringing this up every time these terms are used or omitted except in those instances where if they are to be included some change in the form is necessary.

PRESIDING OFFICER COOK: Any further statement or questions on that paragraph? (No response.)

Hearing none, we will proceed with the reading.

(The paragraph on page 1 beginning "Whereas," and sub-paragraph (a), (b), and (c) of the marketing agreement were read.

PRESIDING OFFICER COOK: Those three paragraphs are copied from the Agricultural Adjustment Act. Are there any questions? (No response.) Are there any statements from the members of the bench? (No response.) If not, we will proceed with the reading.

(The paragraph at the bottom of page 1 beginning "Whereas" and the sentence beginning "Now, therefore" of the marketing agreement were read.)

PRESIDING OFFICER COOK: Any questions or statements on that paragraph? (No response.) If not, we will refer to page 17. I will read that page.

(On page 17 of the marketing agreement, the paragraph headed "Whereas," and section 8 sub-paragraph (3) and (4) were read.)

PRESIDING OFFICER COOK: Those paragraphs are copied from the Act? Are there any questions or statements? (No response.) Hearing none, I will proceed.

(The last four paragraphs on page 17 of the marketing agreement were read.)

PRESIDING OFFICER COOK: Are there any questions? (No response.) Are there any comments? (No response.)

We will turn now to page 2, or rather, to the bottom of page 1.

(On page 1, Article II - Definitions - Section 1, and sub-paragraphs 1 to 16, both inclusive, were read.)

PRESIDING OFFICER COOK: Are there any questions as to the meaning of those various terms?

MR. SPEH: I would like to refer to paragraph 12 under Article II. I feel that the possible arrangement of the words there might be subject to misunderstanding. It says, "The term 'to market' means to sell, consign, or in any other manner transfer or convey title to." I fear that the position of the word "consign" might possibly be open to a misinterpretation that that involves a transfer of title, and I would suggest a re-arrangement of those words so as to remove "consign" from the group "to sell, consign, or in any other manner transfer or convey title." I am sure that the Legal Department can re-phrase that.

PRESIDING OFFICER COOK: Do you have a suggested phrase?

MR. SPEH: No, I have not. I might, on the spur of the moment, read one into the record.

PRESIDING OFFICER COOK: If you have anything, you may give it to us.

MR. SPEH: "The term 'to market' means to sell or in any other manner transfer or convey title to or to consign."

PRESIDING OFFICER COOK: Any further comment?

MR. KIRCHER: Mr. Chairman, when you get to the conservation section I have an amendment concerning sustained yield management. If that is accepted, there ought to be a definition of sustained yield management and I propose as section 17 a definition of sustained yield.

PRESIDING OFFICER COOK: Could you read that definition into the record?

MR. KIRCHER: "(17) Sustained yield is defined as management of specific forest lands, under single ownership, or cooperative control, within an economic unit, under definite management plan which limits timber cupping to the capacity of such lands under existing methods of management as determined from existing growing stock and growth, to provide without interruption or substantial reduction, raw material for industry and community support."

PRESIDING OFFICER COOK: That amendment will be accepted for consideration.

Is there any further comment on the amendment as given by Mr. Kircher? (No response.)

Are there any questions you would like to ask Mr. Kircher?

MR. SPEH: I would like to offer another amendment to paragraph 13 of the same Article which now reads "The term 'producer' means any person producing crude gum (oleo resin)."

It is felt possibly this definition of producer is not sufficiently clear. We suggest that that be enlarged to mean any person producing crude gum who does not produce, process, ship, and/or market cleaned gum, gum turpentine and gum rosin.

PRESIDING OFFICER COOK: Are there any questions of Mr. Spah on that amendment? If you have any questions, ladies and gentlemen, do not hesitate to make your feelings known. Are there any questions or any further amendments to this page?

TESTIMONY OF J. E. LOCKWOOD,
715 Liberty Nat. Bank Bldg.,
SAVANNAH, GEORGIA,
REPRESENTING HIMSELF.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK: Give your full name and address.

MR. LOCKWOOD: Joseph E. Lockwood; Savannah, Georgia.

PRESIDING OFFICER COOK: Who do you represent?

MR. LOCKWOOD: Myself.

PRESIDING OFFICER COOK: What have you to offer?

MR. LOCKWOOD: An amendment to definition (h), in the third line, referring to the weight for rosin as 500 pounds. I recommend the insertion of the word "gross" after pounds so as to read "500 pounds gross."

PRESIDING OFFICER COOK: Now, give us the reason for that.

MR. LOCKWOOD: The reason is that I think to many who are not very familiar with naval stores practices the 500 pounds reference to a barrel is often misleading, believing it means 500 pounds of rosin, which this word states. As a matter of fact, it only represents the actual package, averaging from four hundred to five hundred pounds net weight of rosin. The five hundred means gross weight. So I think if it is stated a quantity, such as fifty gallons, or the weight as in pounds, net or gross, it will be less liable to misunderstanding by anybody that is interested.

PRESIDING OFFICER COOK: Is it the common practice of the industry to have a certain sized container, barrel or what not?

MR. LOCKWOOD: The usual package of rosin is the wood barrel weighing approximately 500 pounds gross, but varying in gross weight from less than 500 pounds to as much as nearly 600 pounds. The sales are not made on actual package but on a gross weight of 280 pounds.

PRESIDING OFFICER COOK: Anything further?

MR. LOCKWOOD: That is all.

PRESIDING OFFICER COOK: Any questions of Mr. Lockwood from the floor or from the bench?

MR. BERG: Will the Chair kindly state that over again? I could not hear Mr. Lockwood.

PRESIDING OFFICER COOK: His amendment was to number 8, the third line after the word "pounds," the insertion of the word "gross." Is that clear to every one now? That amendment was the insertion of the word "gross" after the word "pounds" in the third line of number 8. Will you give us your full name?

MR. BERG: F. H. Berg

PRESIDING OFFICER COOK: Whom do you represent?

MR. BERG: I am Vice-President of the Peninsular Naval Stores Company.

PRESIDING OFFICER COOK: Anything further, Mr. Lockwood?

(no response.)

MR. RIVES: Would you mind having Mr. Spah read his last amendment?

PRESIDING OFFICER COOK: Will you read that again, Mr. Spah?

MR. SPAH: Paragraph 13. Any person producing crude gum who does not produce, process, ship and/or cleaned gum, gum turpentine and gum rosin.

As a word of explanation, I might say that was with the idea of clarifying the possible misunderstanding. As it now stands, a producer could be a man who produced the crude gum, then went ahead and processed it and he becomes both a producer and processor. Later on you use the word "producer" throughout the marketing agreement and there is a certain amount to be allocated to new producers. We do not want to have the processor, who is also a producer of crude gum, participate in that. We want to have that absolutely clear, so it just ties in with the definition of new producer, which is given later on.

PRESIDING OFFICER COOK: Mr. Lockwood, will you come forward again, please? There are some questions we would like to ask you. Mr. Braun.

MR. BRAUN: Mr. Lockwood, you suggested the word "gross." What is your thought with respect to net weight? Would it be advisable to speak in terms of net weight?

MR. LOCKWOOD: I think that is entirely a question of whether the industry want to agree upon a net weight or not. I think I might state without fear of contradiction that the question has been discussed at various times, but no general agreement has yet been reached, although in some cases, particularly where it is sold in metal containers, rosin is sold on a net weight basis, generally on that basis at 255 pounds. Gum rosin, by the practice of individual producers, but not by general agreement in the industry, I think is sold at anywhere from 225 pounds to 230 pounds per net unit, but there is no universal agreement within the industry, either gum or wood, for a standard net weight on rosin. That is, the equivalent of the 280 gross. Does that answer your question?

MR. BRAUN: Yes.

MR. WARD: Mr. Lockwood, will you explain into the record the fact that the rosin is computed as 500 pounds gross or net of about 480, and

As a matter of curiosity, I might ask that one might the idea of classifying the possible classifications. In it was already a problem until in a few min problem the error sin, that some moral not necessary. It had in reviews lack a particular and economy. Hence on yet has the most "polizer" throughout the authority, economics and those up a possible moment is to allocated in our production. It is not not to have the economic, are is also a function of social pay, particularly is that. It must be here that absolutely start, so if this this is with the activities of her product, which is given first.

PROFESSOR WILLIAM OGDEN: Mr. Chairman, will you some Thomas again, please? There are some questions he would like to ask you. Mr. Chairman.

Mr. BROWN: Mr. Chairman, you mentioned the word "price." What is your thought this concept in our society? Shall it be activities to work in terms of our society?

Mr. CHAMBERS: I think that is primarily a function of measure the industry must be upon when a per value or so. I think I might state without fear of contradiction that the question has been discussed at various times, but is another difference the just been raised. Although is most there, particularly where it is hard to avoid RESPONSIBILITY, there is well as a not valuat work, particular as there today is DOT process. One point, is the question of industrial management. We not it concept government in the industry. I think it will be anything from DOT should to DOT point for self-self, but there is an activity industry prices the industry, either per or less, for a particular or manufacturing point. That is, the relations of all of cross. This this change that particular

Mr. BROWN: Yes.

Mr. CHAIR: Mr. Chairman, will you explain into the record the fact that the press is accepted in DOT small group of not of that DOT, and

yet the actual barrel, as we understand it today, is packed at about 280 to 290.

MR. LOCKWOOD: No, no. I would say this, the usual package for gum rosin is a wooden barrel. The average weight, I believe, is estimated by some of the large dealers at around eighty pounds. Others may estimate it around 85. It, in fact, varies all the way from below eighty to over one hundred pounds, with no standard requirement within the industry or within the boards of trade controlling the market as to what that limit of weight shall be; but the actual package often termed the round barrel averages in large quantities approximately 500 pounds gross weight. I would judge it averages in net weight approximately 410 pounds of rosin. I think the trend has been in late years to decrease the weight of the barrel, as that is included in selling to 280 gross and increase the net weight of rosin per barrel. The selling unit bears no definite relation to the present barrel, but I believe comes down from the day when the original barrels used were of that same small approximate size.

PRESIDING OFFICER COOK: Anything else? Are there any other questions or amendments to the definitions? (No response.)

If not, we will turn to page 18. I presume the amendments which have been made to the definition as given on page 2 likewise referred to the corresponding definitions on pages 18 and 19. I do not hear from the gentlemen who suggested the amendment. However, if I do not hear to the contrary, the record will show that the amendments which you make refer to the corresponding definitions as set out in the license. I will read the definitions as they are given for the license.

(On page 18 of the marketing agreement, Article I - Definitions - and sub-paragraphs 1 to 19, both inclusive, were read.)

put the actual level, so do underlined if today, it seems so close
and is the.

Mr. Lightfoot: Mr. Mr. I would say this, the usual problem
for gas rents is a tender market. The market price, I believe, is
calculated by one of the other members of usual supply basis, taking
the matrix it around it. It, is that, matrix all the gas then value
slightly be over the limited period, with an element requirement where
the lighting or which the length of time consulting the usual so
to make that lack of social which by the social pressure after
turned the small local matrix is lower activities consumption the
people price weight. I will leave it expensive in the value department
mainly all people of people. I think the point the page is into price
be therefore the weight of the Senate, so that is related to pricing to
the price and increase the net weight of people gas market. The adding
unit been an activity related to the greater Senate, but I believe
even live from the day main the electrical matrix less view of that
more small appropriate gas.

Chairman Patrick Smith: Supplying other. Are there any other
questions or amendments to the definition? (No response.)

If not, we will move to page 10. I propose the amendments which
have been made to the definition as given to me I believe reference
to the accompanying definitions in page 11 and 12. I do not know that
the problems the suggested the amendment. However, if I do not know to
the testimony, the record will show that the amendment which was made
under the accompanying definition be and is the lessons. I will
read the definitions as they are into the the lessons.

(On page 10 of the mark-up document, section 1 -
Definitions - and accompanying 1 on 12, next industry, some been.)

PRESIDING OFFICER COOK: Mr. Spah, I presume your amendments to the definitions apply here?

MR. SPEH: Yes. You will have to make the necessary changes in the number of paragraphs, because the paragraphs have changed numbers.

PRESIDING OFFICER COOK: Are there any questions on the changed definitions?

MR. BRAUN: I would like to raise one question. Perhaps Mr. Lockwood could answer this. Is it perfectly clear as to what is meant by "cask"? One unit means one cask, 50 gallons. Is that word "cask" perfectly clear, Mr. Lockwood?

MR. LOCKWOOD: I did not catch the question.

MR. BRAUN: Definition number 8, the word "cask" is used instead of the word "barrel".

MR. LOCKWOOD: They are synonymous terms in the industry.

PRESIDING OFFICER COOK: I presume, Mr. Kircher, your definition will also apply?

MR. KIRCHER: Yes.

PRESIDING OFFICER COOK: Any further amendments?

(No response.) Are there any questions from the floor? (No response.) We want to have this fully in your mind before you leave, so we will know what you have been going over.

If there are no further questions or amendments, I will read Article III at the bottom of page 2, by sections.

MR. SPEH: Mr. Chairman, I do not propose to even suggest to the Chair how to run the hearing, but this is rather a long article, it is complicated, and I am wondering, unless there is some reason that one paragraph ties in with the other paragraph, possibly it might be well to go along paragraph by paragraph. Do you think we ought to wait until the whole paragraph is read?

PRESIDING OFFICER COOK: I will do whatever you gentlemen think is convenient. I will read it by sections if you think that is advisable.

MR. SETH: I just offer that as a thought.

PRESIDING OFFICER COOK: We will be glad to do that.

(Article III - Control Committee, Section 1, of the marketing agreement, was read.)

PRESIDING OFFICER COOK: I will read the corresponding section in the license, on page 19, because those two sections go together.

(Article II - Control Committee, Section 1, page 19, of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or amendments to Section 5, sub-section 1.

TESTIMONY OF MILLARD REESE,
Brunswick, Georgia,
REPRESENTING THE DOWNING COMPANY, INC.,
FACTOR, AND OTHERS.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK: What is your name and address?

MR. REESE: Millard Reese, Brunswick, Georgia.

PRESIDING OFFICER COOK: Whom do you represent?

MR. REESE: I represent the Downing Company, Inc., Factor, and the Sansavilla Company, as processor.

Mr. Chairman, I move to amend section 1 of Article III of the proposed marketing agreement, as follows - these words appear on the third page, second line - by striking the words "the initial members shall be selected within twenty days after the effective date of this agreement," in the fifth line of the said section and substituting therefor the following: "The members of the Control Committee under the marketing agreement executed by the Secretary on February 20, 1934, shall

[illegible]

constitute the control committee under this present agreement until July 1, 1935, or until their successors shall have been elected."

May I state the purpose of the agreement?

PRESIDING OFFICER COOK: Yes.

MR. PENSE: I think it would be highly desirable not to have to have an election under the proposed new marketing agreement in the event that should it be accepted by the industry, approved by the Secretary, and be made effective, and to have to run the risk of changing the personnel of the control committee right at the most critical and important time of the year in the industry. I think it would be little short of a calamity if that should happen and I hope that this amendment will be adopted.

PRESIDING OFFICER COOK: Are there any questions from you gentlemen in regard to his amendment?

MR. SMEM: Mr. Chairman, of course, I am sure that when this matter is finally reviewed in Washington that some of the -- I hesitate to use the word "irregularity" but rather inconsistencies will be changed. I think probably a uniform system of articles, paragraph and sections, and so forth, will be devised. In some places you used the Arabic numerals to designate a paragraph and in some places the alphabet. I just want to call that to your attention in case that should be overlooked.

Paragraph 1, section 1 of that article, the last sentence now reads: "Each member of the Control Committee shall be a contracting processor or producer and a resident of the state or group of states represented by him."

Of course, it is possible that should an election be held under this marketing agreement prior to the licensing of a producer, a producer

might be elected, then there might possibly be a conflict as to his authority over a licensee who had not signed the marketing agreement. That is one of the points we want to bring out so it may be borne in mind in reference to the wording of this agreement.

PRESIDING OFFICER COOK: Any further comments? Are there any questions from Mr. Speh? Are there any further amendments to that sub section 1?

MR. SPEH: Mr. Chairman, I overlooked one thing. Again referring to that same sentence, it says that each member of the Control Committee shall be a contracting processor. When you refer to "person", the person is a contracting processor and he is defined as an individual, partnership, corporation, association or other business unit. Therefore a strict interpretation of that would be if the corporation became a member of the control committee we would like to have some form of amendment in there to indicate that the person in legal control of the corporation may be designated by that corporation to serve as a member of the Control Committee.

PRESIDING OFFICER COOK: Are there any further questions from Mr. Speh? Are there any questions by anyone from the floor? (No response.) Are there any further amendments or comments on sub-section 1 of that article?

MR. SPEH: One more thing. If I did not have two or three secretaries here I would have difficulty.

It says that there shall be elected annually, and specifies a date, but there is no machinery for holding the election prescribed.

The Control Committee would like to suggest that there be another /section put in there or another paragraph prescribing the method or the machinery for holding such an

election. It is stated that the Secretary of Agriculture shall select or designate three men, either from within or without the industry, or both, and have them supervise the election, it being, of course, understood that any expenses incurred for holding that election, even though incurred by somebody outside of the control committee, would be met by the control committee. You see, it leaves it rather open as to who shall hold the election, whether it be the existing control committee or not, or what shall be the machinery or who shall be responsible. The Control Committee has given serious consideration to it and they feel that possibly some of the members might be suggested for re-election and it would be rather embarrassing for them to have to serve on such a committee.

PRESIDING OFFICER COOK: You mentioned the expense of holding that election being taken care of, but you did not say who would take care of it.

MR. SPEN: Out of the funds of the Control Committee.

PRESIDING OFFICER COOK: Any further amendments or comment on that sub-section? (No response.) If there are no more amendments we will turn to sub-section 2, page 3.

(Sub-section 2, page 3, of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any amendments or questions regarding that sub-section 2?

MR. SPEN: Mr. Chairman, please refer to line 6 of paragraph 2. I think the word "contracting" has been omitted before "processors", and, of course, our statement regarding the use of the word "producers" made originally holds here. Also, we would like to have you bear in mind that in the event the producers do remain, you must then provide a means of counting their votes.

MR. SHER: Mr. Speh, do you not think that the processors should be permitted to vote, whether they are parties to the agreement or not, in view of the fact that the control committee selected under the marketing agreement also acts as the control committee under the license? Do you not feel everybody in the industry who has accepted the license should have a voice in the selection of the control committee with the possible qualification that they must pay their adjustment, whether they sign or not?

MR. SPEH: Of course, I do not believe I would be in position to answer that, Mr. Sher. I am merely trying to interpret what is here?

MR. SHER: That has been in general the position of the Administration. We would like to have the views of you people here on that question. Our feeling has been where everybody is subjected to a license they should have a voice in the selection of the committee which is going to manage the license, whether they are parties signatory to the marketing agreement or not. This is not an absolute statement of policy, it is just our feeling, but we would like to have the views of the people here on this question if we can get it.

PRESIDING OFFICER COOK: Does anyone else care to comment on that statement? Any statement from anyone?

TESTIMONY OF W. S. BOOTH,
MANOR, GEORGIA,
REPRESENTING MANOR TRADING COMPANY,
W. S. BOOTH AND R. AND H. STILL,
MANOR, GEORGIA.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK: State your name and whom you represent.

MR. BOOTH: W. S. Booth, Waycross, Georgia.

PRESIDING OFFICER COOK: Whom do you represent, Mr. Booth?

MR. BOOTH: W. S. Booth, the Atlanta Trading Company and the B and H. Still. I want to say, Mr. Chairman and gentlemen, that I endorse the proposition that every producer who is brought under the operation of this license and required, of course, under that operation to pay his assessment should be permitted to vote for the members of the control committee.

PRESIDING OFFICER COOK: Are there any questions from Mr. Booth?

(No response.)

PRESIDING OFFICER COOK: Are there any comments from anyone else?

STATEMENT OF JULIAN E. FANT,
Florida Theater Building,
Jacksonville, Florida,
REPRESENTING NELIO-RESIN CORPORATION.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK: State your name and address.

MR. FANT: Julian E. Fant.

PRESIDING OFFICER COOK: Whom do you represent?

MR. FANT: The Nelio-Resin Corporation.

PRESIDING OFFICER COOK: What do you have forum?

MR. FANT: I would merely like to endorse the proposition that your law should be as set forth. This statement is made on behalf of the Nelio-Resin Corporation.

PRESIDING OFFICER COOK: Any comment from anyone else?

MR. SMITH: I did not catch whom Mr. Fant represents?

PRESIDING OFFICER COOK: He represents the Nelio-Resin Corporation.

MR. SMITH: Is he a processor?

MR. FANT: I did not say whether they were processors or not.

TESTIMONY OF O. T. McIntosh,
Savannah, Georgia,
REPRESENTING SOUTHERN STATES NAVAL STORES COMPANY.

(The witness was duly sworn by the Presiding Officer).

PRESIDING OFFICER COOK: What is your name?

MR. MC INTOSH: O. T. McIntosh; Savannah, Georgia, representing the Southern States Naval Stores Company.

Mr. Chairman, I merely wish to endorse the proposition set forth by the Legal Department because I think that would be thoroughly harmonious with the idea of all the processors themselves. They all feel they should have a vote.

MR. RIVES: Mr. Chairman, may I say a word?

TESTIMONY OF GEORGE T. RIVES,
Brunswick, Georgia,
REPRESENTING THE ODUM TURPENTINE COMPANY.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK: State your name.

MR. RIVES: I wish to endorse the suggestion to leave it as it is, subject to changing our decision later.

PRESIDING OFFICER COOK: Whom do you represent?

MR. RIVES: White Springs Naval Stores Company of White Springs, Florida, and the Downing Company. We are not a processor.

MR. REESE: Mr. Chairman, perhaps this is the proper place to make an observation in reference to Mr. Sher's suggestion, if we are going to give the men who are producers a gift it should not be an Irish gift. I have no objection to doing it, but we ought to read into the agreement if he does vote and does participate in the election it is not in any way to prejudice any rights he may have. I think that is only fair.

PRESIDING OFFICER COOK: Any further comments?

MR. GALLAHUE: May I ask Mr. Spah a question?

PRESIDING OFFICER COOK: Surely.

MR. GALLAHUE: Is the producer given an opportunity to vote for members of the control committee under this section, and what are the

mechanics which would allow him to participate in that vote?

MR. SPEN: Today the producer is not a party to the marketing agreement.

MR. GALLAHUE: I realize that, but under this proposal what is the situation?

MR. SPEN: I do not believe I could answer that, because I do not know what your construction is all the way through there. You make no provision for counting his vote if you have given him a vote. You state on what basis the contracting processor shall vote, but you make no provision for counting his vote, even though you do intend to include him in there..

MR. GALLAHUE: The last sentence reads as follows:

"Each contracting processor shall be entitled to one vote for each unit processed by him during the preceding calendar year." Is it possible to insert after the words "processor" "or producer" and then by placing the vote upon a crude gum basis allow the producer to participate in the same way?

MR. SPEN: Oh, yes. You can word it so that all you have to say would be producer or processor, respectively, and go back to your definition of unit. I mean that could be done if that is the idea. As I said at the first, we do not know whether in the final set-up of this agreement now under consideration the producer is going to remain in there. We suggested that it might be better to /omit the producer from the marketing until the Department is in position to license him; then you have complete control over the whole situation; otherwise, there might be a number of embarrassing situations arising. He is not eligible for license, but some of the producers may have signed marketing agreements and therefore would become liable under it, but his neighbor engaged in the same activity who

did not sign the marketing for one reason or another would not be subject then to the Department.

PRESIDING OFFICER COOK: Anything further? (No response.) If not, I will read sub-section 3.

(Sub-section 3, page 3 of the Marketing Agreement was read.)

PRESIDING OFFICER COOK. Any comments or questions on that paragraph or are there any amendments to it?

MR. SPEH: Mr. Chairman, the Control Committee has gone through quite a number of months of experience. It feels that it must recommend that this section be omitted from the marketing agreement. There is quite an amount of detail work to be taken up at each meeting of the Control Committee. Each member of the Control Committee takes his work seriously. He looks upon every request that is made, every statement that is made and every matter that is discussed very carefully. If you will permit the election of an alternate to serve merely due to the absence of a regular member, it might work a hardship. The regular member may find it inconvenient to attend and therefore he would merely call on this alternate. The alternate attends the meeting. You will spend two-thirds of your time bringing the alternate up to date as to what you had in mind, what you were discussing and educating him as to the entire set-up. Of course, that is different from where a man resigns or dies and you re-elect a man. Then you know that any education given to him to bring him up to date so far as the policies and the technique of enforcing the agreement is concerned is going to still stay with him and he is going to use it at every meeting. Therefore, we feel it would be a mistake, it would work a hardship and reduce the effectiveness of the Control Committee to permit another man to come in and merely serve because it was inconvenient for one of the regular members of the Control Committee to attend.

I will say that the records will show, I dare say, a fraction of over 99 percent of attendance by every member of the Control Committee at its meetings. In other words, they do not stay away. They realize it is up to them, that they represent Georgia or Florida or some other state, and they must attend. If you make it possible for him to just simply call somebody else and have him come, he is going to sort of lay down on his responsibility. So again I say we recommend the omission of that paragraph.

PRESIDING OFFICER COOK. Any further comment on sub-section 3? (No response.) If not, I will read sub-section 4.

(Sub-section 4, page 3 of the Marketing Agreement was read.)

PRESIDING OFFICER COOK: Any comment or amendment? Any comment from the Control Committee on that paragraph?

MR. SMITH. No.

PRESIDING OFFICER COOK: Any comment from anyone on the floor other than the Control Committee? (No response.) Hearing none, I will read No. 5.

(Sub-section 5, page 3 of the Marketing Agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments on that paragraph? (No response.) If not, we will proceed to sub-section 6.

(Sub section 6, page 3 of the Marketing Agreement, was read.)

PRESIDING OFFICER COOK: Any comment or questions on that sub-section? (No response.) I have a note here that the corresponding section is a little different in the license.

MR. SMITH: We were going to bring that up when we reached the license.

(Sub-section 7, page 3 and the top of page 4 of the Marketing Agreement was read.)

I will say that the remarks will show, I hope, a freedom of error in matters of chronology by other members of the seminar discussion at the symposium. In other words, they is not what they really is up to that, that their personal benefit or their own other work, and they that always. If you make it possible for him to just simply call (mainly this and some his time) to work or let them on his independently. He would I say to recommend the material or this project.

PRESIDING OFFICER (Dr. Lu): Any further comments or questions?

(No response.) If not, I will move adjournment.

(Discussion, Item 3 of the particular agenda was read.)

PRESIDING OFFICER (Dr. Lu): Any comments or questions for consideration from the central committee on this jurisdiction

Dr. Wong: Yes.

PRESIDING OFFICER (Dr. Lu): Any comment from anyone on the floor other than the central committee? (No response.) Seeing none, I will read the.

(Discussion 5, Item 7 of the in-depth agreement, was read.)

PRESIDING OFFICER (Dr. Lu): Are there any questions or comments on that paragraph? (No response.) If not, my will recommend be adjournment.

(The meeting 5, Item 7 of the [illegible] agreement, was read.)

PRESIDING OFFICER (Dr. Lu): Any comment or question at this point. (No response.) [illegible] I have been told the international meeting is a [illegible] in the library.

Dr. Chen: We were going to [illegible] or even be [illegible] the library.

(Discussion 7, Item 8 and the [illegible] of Item 4 of the [illegible] agreement was read.)

PRESIDING OFFICER COOK: Are there any questions or comments on that sub-section?

MR. SPEH: Of course, we suggest the omission of any reference to alternate provided you accept our recommendation as to paragraph 3. We also make another suggestion and we think this is in fairness to the Administration. We suggest that in order to assure the Secretary of Agriculture that every member of the Control Committee is in whole hearted sympathy with the program of the Agricultural Administration and the terms of the marketing agreement, in addition to his filed acceptance of his appointment of selection that he must submit as a further qualification an affirmation in reference to his approval of the marketing agreement and accompanying license. We feel if a man is to be on the Control Committee to serve that he should indicate that he is in accord with the effort being made to effectuate the purposes of the Act and of the marketing agreement.

PRESIDING OFFICER COOK: Any further statement as to the reasons for that amendment?

MR. SHER: MR. Speh, do you feel an oath should be required of the members of the Committee or an affirmation that they are in accord? I feel any gentleman that is selected to serve on the Control Committee that his word under those conditions would be just as good.

PRESIDING OFFICER COOK: Is there any other reason back of those which you have already explained?

MR. SPEH: No. I understand this is not an uncommon practice in other commodities or marketing agreements.

PRESIDING OFFICER COOK: Any further questions or comments?

MR. MC INTOSH: In reference to Mr. Speh's suggestion or proposition that any man elected on the Control Committee would be required to

state that he agrees with the policy of the Marketing Agreement, I do not believe that those, if there be such, who might disagree with the policy of a marketing agreement should not be allowed to express their conviction and to have representation. I do not believe any tribunal where the judges - I do not believe there is any tribunal where the judges are already pledged in advance. That would cover my argument briefly.

MR. SHER: Mr. McIntosh, while people may differ as to whether there should be a marketing agreement and what its terms should be, after it has been determined that there will be a marketing agreement and what its terms shall be, do you not feel that the people who are selected to administer it should at least say they will administer it in accordance with its terms?

MR. MC INTOSH: They might be required perfectly fairly to pledge themselves to administer it fairly and in accordance with its terms, but that would not, it seems to me, require that they should only be able to serve if they were in accord with the principle of the marketing agreement.

MR. SHER: May there not be a requirement that he shall file an affirmation that he will agree to administer it in accordance with the terms of the agreement? Would there be any objection to that?

MR. MC INTOSH: Not at all, but any further than that I think would be entirely out of place.

PRESIDING OFFICER COOK: Any further questions or comments on that sub-section? (No response.) If not, I will read section 8.

(Sub-section 8, page 4 of the Marketing Agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments on that subject or any amendments to it? (No response.) I presume, Mr. Speh, your question in reference to alternate applies to this paragraph the same as the others?

MR. SPEH: Yes, sir.

MR. RIVES: Mr. Chairman, someone has asked a question just for clarification. The word "secretary" throughout means the Secretary of Agriculture, does it not?

PRESIDING OFFICER COOK: Yes.

MR. RIVES: Mr. Chairman, I suggest that the words "with or without cost" ought to be eliminated and to have substituted for those words, "For sufficient cause to be judged by the Secretary." I do not believe that the Secretary would want the authority written into the agreement itself for him to remove a member of the Control Committee that had been elected as provided in the marketing agreement without cause.

PRESIDING OFFICER COOK: Any further comment or suggestion? Any questions of Mr. Rives? (No response.) At this time we will adjourn until 1:45.

(At 12:30 o'clock a recess was taken until 1:45 P.M.)

AFTER RECESS

The hearing was resumed, pursuant to recess, at 1:45 p.m.

PRESIDING OFFICER COOK: The hearing will come to order. Gentlemen, there was a complaint this morning that those in the rear of the room were unable to hear. The hotel has very courteously arranged a loud speaker, which may or may not work. We hope it does. We will still have to be careful about talking in undertones. I will now read section 2.

(Section 2, sub-paragraphs A, B, C, D, and E, page 4 of the marketing agreement, were read.)

PRESIDING OFFICER COOK: Are there any questions or comments on that section or any of the sub-sections of the section?

MR. SPEH: Mr. Chairman, I would like to refer to paragraph (d) of section 2, and we suggest that that be amended to read, "To define the duties of subcommittees or of additional committees who may or may not be members of the Control Committee."

We are not sure just what is meant by this, but if it is meant that in addition to the appointment of sub-committees by the Control Committee from its own membership, it is to create additional committees outside of its own membership, then we suggest it be spelled out. Might I ask if it is that intention it might be well then in the event there might be any doubt that they be also authorized to meet any expenditure made by those outside committees under instructions.

MR. RIVES: Would it be well to add in section (E) where a dispute might be referred to the Secretary, and pending this decision the processor or the one who is applying, or, rather, referring the matter to the Secretary, to specify that decision by the Secretary should be rendered within such and such a time?

MR. SHEH: That probably is not necessary, because the Secretary would pass on it as quickly as he was able, it would not do to tie his hands because if for some reason he could not decide within the time limit we would not want the rights of the party to lapse for that reason.

PRESIDING OFFICER COOK: Any further comments or suggestion or question from any one on the floor? (No response.)

Page 5, section 5.

(Section 3, page 5, of the Marketing Agreement was read.)

PRESIDING OFFICER (Mr. Ho): Are there any questions or comments on this section or any of the sub-sections of the amendment?

Mr. Ho: Mr. Chairman, I would like to refer to paragraphs (A) of section 5, and to suggest that this is required to read, "to delete the duties of chairmanships or of additional committees which may be and be members of the Central Committee."

It may not very just that is meant by this, but it is to meet that in addition to the appointment of sub-committees by the Central Committee from its own membership, it is to create additional committees outside of its own membership, some or whatever it is to qualified with. Right I see if it is this intention is right or not, but this is the point that might be very hard that be also considered if not any committees made by those outside committees under Central Committee.

Mr. Chairman: Would it be well to put in section (2) where a committee might be referred to the membership, and leaving this definition the prerogative to the one who is appointed, or, rather, referring the matter to the committee, to specify that leaving to the secretary should be referred within that and such a time?

Mr. Ho: That probably is not necessary, however the secretary would pass on it as quickly as he can this, it would not be the time lands because if for some reason by small act should which the time still we could not meet the rights of the party to have the time.

PRESIDING OFFICER (Mr. Ho): Any further comments or questions from any one on the floor? (No response.)

Sub-d, section 5.

(Section 7, page 1, of the Electoral Ordinance was read.)

PRESIDING OFFICER COOK: Any comments, suggestions, or amendments to that section? I presume, of course, your usual comment regarding producers would apply to this paragraph?

MR. SPEH: Yes.

PRESIDING OFFICER COOK: Hearing none, I will read section 4.

(Section 4 of the Marketing Agreement, page 5, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments upon that section?

MR. SPEH: Mr. Chairman, this puts a rather blind obligation on the Control Committee and possibly a very complicated one. It requires that the Control Committee shall, in addition to the complete records of all of this account, receipts, disbursements, business transactions, and so forth, keep an accurate record of all shipments of crude gum, cleaned gum turpentine and gum rosin. The Control Committee suggests that that be amended by placing a comma after "committee" in line 3 of that section and strike out the rest of the sentence, thereby making it read that the Control Committee shall cause to be kept complete and accurate accounts of all receipts, disbursements and business transactions of the Control Committee.

I believe that through the tags and through other powers given it hereafter in reference to asking for certain information in order to carry out the purpose of the agreement that they can obtain all of that information if it is necessary without compelling them to keep such accurate detailed records of the shipments; besides, it would undoubtedly place a burden upon the individual processors to furnish that information from time to time. There is a question always arises that possibly you do not want to have the Control Committee, or rather, the records of the office of the Control Committee accessible to everyone to show to whom

you have shipped. We offer that as a suggestion.

PRESIDING OFFICER COOK: Any comments from anyone else?

TESTIMONY OF D. A. SAPP, P. O. BOX 582,
SAVANNAH, GEORGIA, REPRESENTING OPERATORS,
FACTORAGE COMPANY, J. A. FLOYD & COMPANY
AND R. B. CARNES.

(The witness was duly sworn by the presiding officer.)

PRESIDING OFFICER COOK: State your name and whom you represent.

MR. SAPP: D. A. Sapp. I represent the Operators Factorage Company, J. A. Floyd & Company, and R. B. Carnes.

I just want to ask a question of Mr. Speh. I would like to ask Mr. Speh if he meant to strike the last two lines in section 4: "all books and record of the Control Committee shall be open for inspection by the Secretary or by any processor or producer."

PRESIDING OFFICER COOK: Was it your intention to strike the last two lines?

MR. SPEH: I said strike out the last sentence, and I have a comment on that other sentence to make.

MR. SAPP: I would like to say that I am in favor of keeping those last two lines in.

PRESIDING OFFICER COOK: Have you something further, Mr. Speh?

MR. SPEH: The last sentence of that same section now reads: "The books and records of the Control Committee shall be open to inspection by the Secretary or by any processor or producer."

Gentlemen, I doubt if it is necessary to say that any records of the Control Committee as to the receipts, disbursements, or the use of any money coming to the Control Committee are not to be concealed from the producers. The records are there, they are accessible to anyone who is a party in interest and who has a legitimate right to come in. We will turn the books over to them, but it is questionable, and it is something

for you gentlemen to decide, whether you wish to have the records of your private business accessible to every single processor who comes in and asks about it. That is up to you gentlemen. The Control Committee is making no decision, but it is calling your attention to the fact that this does permit and is making it compulsory on the Control Committee to throw their books open, and all of their other records of that nature open for inspection. It is going to be up to you gentlemen to say whether you wish to have that done. I merely inject that thought here.

Mr. Chairman, I have not finished with that article, but I am through with that section.

Mr. Chairman, May I revert to that same section again. Here is a suggestion which we offer in the event that it is desired to limit the scope of the publicity of these facts regarding various processors, by insertion after the word "Secretary" in the last line the following:

"And subject to the provisions of section 5, Article 6. I refer to that portion down there which says, "Such information or reports furnished to the Control Committee pursuant to this section shall be confidential and shall not be disclosed to any person outside of the Secretary." We suggest that a section be added to that article, section 5, to provide that after allotment each year the Control Committee shall publish or issue in pamphlet form and mail upon request to any producer or processer a list of all processers and producers and the amount of crude gum and/or cleaned gum, gum turpentine or gum rosin allotted to each.

The Committee believes that such publicity in one form or another will tend to maintain confidence in the impartiality of any committee in adjusting or making allotments. This compensates for the

for you gentlemen to decide, whether you did not injure the records of your private business sufficiently to cause highly prejudicial the cause is not only about it. That is it to you gentlemen. The Investigating Committee is making no decision, but it is calling your attention to the fact that this bill you will be voting is analogy on the Central Committee in their hands now, and all of their other records of this nature open for inspection. It is going to be up to you gentlemen to say whether you also to have been done. I merely leave that to your hands.

Mr. Chairman, I have not finished with this matter, but I am through with that matter.

Mr. Chairman, may I repeat that same motion again. There is a suggestion that we refer it, the point that it is desired to limit the scope of the jurisdiction of those facts regarding various processors, by inserting after the word "Secretary" in the last line the following:

"and subject to the provisions of section 6, Article 6. I refer to that portion that says that says, "Such information or reports furnished by the Central Committee pursuant to this section shall be confidential and shall not be disclosed to any person outside of the membership." In regard that a motion to refer to that portion, section 6, so that the other allegations that the Central Committee shall publish or issue in pamphlet form and shall open reports by any publicity or investigation a list of all processors and producers and the amount of milk and/or cream, the information in the milk allotted to them.

The Committee believing that such publicity as was been or another will lead to violent criticism in the jurisdiction of the committee in selling or making allegations. This recommendation for the

closing of the private records to public inspection, but it does furnish, if you gentlemen wish it, this opportunity to see what the allotments are. That is entirely up to the industry.

PRESIDING OFFICER COOK: Could we hear from some members of the industry in reference to the suggestion made by Mr. Speh?

MR. SPEH: We suggest, Mr. Chairman, the further addition of a section to be known as section 6, article III, by inserting section 4 of Article IV on page 22 of the license. That is in the event that you do not decide to amend according to my other definition.

This means that all the information furnished the Secretary pursuant to this article shall remain confidential with the Secretary. We merely suggest that in the event the other suggestion does not go through.

PRESIDING OFFICER COOK: Could we hear from someone else giving an opinion along the lines of the suggestion made by Mr. Speh?

(No response.)

Are there any other amendments?

MR. RIVES: Mr. Chairman, I think the suggestion made on behalf of the Control Committee by Mr. Speh, eliminating the last one which I understand was an alternative suggestion, is quite satisfactory. I think it would be a great help, to the industry generally, to have the allotment to each processor or producer made public. If we are going to live in a fish bowl, as General Johnson described the new order, we ought not to try to becloud it as to information which every person who is a member of a given industry has a right to know. I think myself that it will be a great help to the Control Committee in locating and perhaps correcting violations of the letter or spirit of the agreement if these allocations or allotments to producers and processers are made public. I hope there

will be no objection to that and I trust the first suggestion made will be adopted and not the latter.

PRESIDING OFFICER COOK: Is there any comment from anyone else? (No response.) May we now refer to the corresponding article in the license.

(Section 2, article II, on page 19 of the Marketing Agreement, was read.)

PRESIDING OFFICER COOK: Gentlemen, it has been suggested that there is a typographical error here in that in the last sentence of section 2, Article VI, should be Article III.

MR. SPEH: We made a note of that. There are several places here where it is rather doubtful if this license refers to this marketing agreement or the old marketing agreement. If this is just simply a twin sister to this marketing agreement, all right, but if it is not, of course, some of these things are incorrect. That is where the difficulty comes in.

PRESIDING OFFICER COOK: Have you anything to offer, Mr. Rives?

MR. RIVES: Mr. Chairman, I move to amend the parenthetical expression occurring in line 6 by adding as a part thereof: "But where any provision of this license may conflict with any provision of the Marketing Agreement, the provisions of this license shall control."

By way of explanation, Mr. Chairman, I will state if there should be conflict, there ought to be a statement as to which will control and it is my understanding it is the position of the A.A.A. that the license would control in the event of a conflict. I am just making that suggestion in the interest of proper understanding and construction.

PRESIDING OFFICER COOK: Any further comments or questions?

MR. SPEH: There is a conflict there between section 1, Article III,

paragraph 6, which says: "The Control Committee shall not perform any of its duties or powers herein granted while there are more than three vacancies in its membership." We suggest, Mr. Chairman, that section 3, paragraph (b) Article II of the license be amended so as to have that agree with the marketing agreement providing for the three instead of the four.

PRESIDING OFFICER COOK: Any further questions, comments or amendments?

(Sections 3, subparagraphs (a) and (b) and section 4 of the marketing agreement, page 4, was read.)

PRESIDING OFFICER COOK: Any questions or comments or amendments to that section?

(No response.) If not, we will proceed to read section 5.

(Section 5, subparagraphs (a), (b), (c), (d), and (e), pages 20 and 21 of the marketing agreement was read.)

PRESIDING OFFICER COOK: Are there any questions?

MR. SPEH: Again it is understood any amendments we suggested in the agreement, that corresponding amendments will be made in the license.

PRESIDING OFFICER COOK: I think that is understood by all.

MR. SPEH: Have you finished?

PRESIDING OFFICER COOK: I have finished that section, yes. Are there any suggestions or questions on that section?

(No response.)

PRESIDING OFFICER COOK: If not, we will refer to Section 6.

(Section 6, page 21 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments or amendments?

MR. SPEH: Mr. Chairman, I wonder if I might have your indulgence.

Paragraph 6, which says: "The Council (Committee of)[illegible] and jurisdiction over of the Indian or Jewish Lands granted which [illegible] are more than three thousand in its immediately." We suggest, Mr. Chairman, that section 6, paragraph (4) [illegible] 21 of the Lands to [illegible] on be here that agree with the [illegible] provision for the three lands of the [illegible].

PRESIDING [illegible] (Mr). Any further [illegible], comments or amendments?

(Section 6, subparagraphs (3) and (4) and section 6 of the [illegible] agreed, Mr. 6, was read.)

PRESIDING [illegible] (Mr). Any questions or comments or amendments to that section?

(No response.) If not, we will proceed to section 7.

(Section 7, subparagraphs (1), (2), (3), (4), (5), and (6), agree 30 and 31 of the [illegible] agreement was read.)

PRESIDING [illegible] (Mr). Are there any questions?

MR. [illegible]: Since it is [illegible] or [illegible] in the agreement, that [illegible] will be made in the Lands.

PRESIDING [illegible] (Mr): I think that is [illegible] by all.

MR. [illegible]: Does [illegible]?

PRESIDING [illegible] (Mr): I have [illegible] that section, [illegible] any other questions or [illegible] on that section?

(No response.)

PRESIDING [illegible] (Mr): If not, we will [illegible] to Section 8.

(Section 8, [illegible] 32 of the [illegible] agreement, was read.)

PRESIDING [illegible] (Mr): Are there any questions or comments or amendments?

MR. [illegible]: Yes, Mr. Chairman, I wonder if I could [illegible].

I did overlook this. Before we leave that article in the marketing agreement, if we might return to it --

PRESIDING OFFICER COOK: Which is that?

MR. GRAY: Article 5, which deals with the control committee. That is, of the marketing agreement.

PRESIDING OFFICER COOK: What page?

MR. GRAY: The Article starts on page 2, but we would like to go to the end of it on page 5. We would like to add another section to that Article by incorporating section 4, Article VIII of the license, which is on page 31, which reads:

"Nothing contained in this license shall constitute the members of the control committee partners for any purpose, nor shall any member of the control committee be liable in any manner to any one for any action of any other member, officer, agent, or employee of the control committee; and no member of the control committee exercising reasonable diligence in the conduct of his duties hereunder, shall be liable to any one for any act or omission to act under this license, except for his own wilful malfeasance or nonfeasance in office."

We suggest that the wording of that be added as another section to Article III in the agreement.

PRESIDING OFFICER COOK: Are there any further amendments to Article II of the license or any statements or questions by any one in regard to any phase of it that has not been covered?

(No response.)

PRESIDING OFFICER COOK: Gentlemen, at this time I would like to turn to page 13 of the agreement and take up Article VII on conservation. We have with us today two men from the Forest Service who cannot be with us tomorrow. They need a little time to discuss this section and to

I did previous this. Throw us Jerry that article is the authority agreement, if we right others of it —

Presiding officer (Mr. Ohlin in chair)

Mr. LEWIS: Article 2, which deals with the review provision, that is, of the withdrawing agreement.

Presiding officer (Mr. Ohlin)

Mr. LEWIS: The article starts on page 6, but we could take it up for the end of it on page 5. We would like to see another article to that article by incorporating section 6, article VIII of the Lisbon, which is on page 21, which reads:

"Nothing contained in this Lisbon Agreement shall prejudice the authority of the contract countries parties to any treaty, nor shall any decision of the contract countries be liable to be challenged in any law or in any action of any other country, citizen, court, or citizen of the contract countries; nor be weaker of the contract countries concerning wrongful citizens in the conduct of the Lisbon Secretary, shall be liable to any one for any act or omission in the Lisbon Lisbon, except for his own willful malfeasance or misfeasance in office."

We suggest that the wording of this be added as another section to article III of the agreement.

Presiding officer (Mr. Ohlin) Are there any further amendments to article II of the Lisbon or any discussion or questions by the delegates to the Lisbon of it that we are not here currently?

(No response.)

Presiding officer (Mr. Ohlin) Lewis: I shall take up first to page 12 of the agreement and then go to article VII on reconsideration. We have with us today two representatives of the Lisbon Secretariat who wished to sit in on the meeting. They need a little time to discuss this article and so

suggest some amendments, so with your approval and kind cooperation I will read Article VII, conservation, and we will discuss that in detail. This is on page 13 of the agreement.

(Article VII - conservation, page 13 of the marketing agreement was read.)

MR. KIRCHER: Mr. Chairman, I have several amendments to suggest to this section, the first being an addition to the Article as it now stands. Just before the "Provided, however" in line 6, I suggest the addition of the following: "or from any living pine tree less than 12 inches in diameter at 4 and a half feet above the ground having one worked out face."

Then the other amendment to that paragraph would be the third from the last line, changing 9 inches to 12 inches, which would have to be changed if this clause is put into effect.

PRESIDING OFFICER COOK: Any comment in reference to the suggestion made by Mr. Kircher?

TESTIMONY OF K. M. WILSON,
JACKSONVILLE, FLA., REPRESENTING
FLASH PINE FARMS, INC., STOCKTON, GA.,
DIAMOND TURPENTINE CORPORATION, AND
TURPENTINE & ROSIN FACTOR, INC.

(The witness was duly sworn by the presiding officer.)

MR. WILSON: Mr. Chairman, I want to ask some questions. I am frank to say I did not get the entire trend of that amendment, even after you read it the second time. Does that mean that after you worked out a tree on one side that was 9 inches that you could not back cup that until the tree reached a size of 12 inches?

MR. KIRCHER: Yes, sir.

MR. WILSON: That is the main change proposed?

MR. KIRCHER: There is no other change.

Thirty-four [illegible], so did you [illegible] and with [illegible] I will read Article VII, conservation, and we will discuss that in detail. This is on page 34 of the agreement.

(Article VII - conservation, page 15 of the marketing agreement was read.)

MR. [illegible]: Mr. Chairman, I have several amendments to suggest to this section, the first being an addition to the article as it now stands. Just before the "provided, however" in line 6, I suggest the addition of the following: "or from any living pine tree less than 12 inches in diameter at 4 and a half feet above the ground having one sound log."

Then the other amendment to that paragraph would be the third from the last line, changing 9 inches to 12 inches, which would have to be changed if this change is put into effect.

MR. [illegible]: My comments in reference to the suggestions made by Mr. [illegible]:

[illegible] of N. P. Pines,
[illegible], Ala.,
[illegible], Ga.,
[illegible], Ala.
[illegible] & [illegible], Inc.

(The witness was duly sworn by the stenographer.)

MR. [illegible]: Mr. Chairman, I want to ask some questions. I do [illegible] I did not get the proper idea of that amendment, even after you read it the second time. Does that mean that after you cut a tree on one side that was 9 inches that you could not back up that until the tree fell? [illegible]

MR. [illegible]: Yes, sir.

MR. [illegible]: [illegible]

MR. [illegible]: [illegible]

MR. WILSON: As to first cupping?

MR. KIRCHER: There is no other change in the section.

MR. WILSON: I think I shall object to that as a timber owner. While I am in favor of a sustained yield, I will have to object to that.

Mr. Chairman, I have been asked to state my reason. A tree which is 9 inches in diameter, when it was originally cut, will probably grow some during the time that you are working it, four, five, or six years, but it will not, in my opinion, except under very favorable circumstances be a timber of 12 inches when you work out the first side. Therefore, to set them aside and wait for them to become 12 inches I think is impracticable, even on the basis of a sustained yield, because you must work the timber when you come to it. There are certain sizes which it does not pay to work under normal conditions. There are other sizes that it does. A tree that has been cupped 9 inches and back-cupped will make about as much as it made the first time, even though it does not attain a growth of 12 inches. It will attain some growth during the period it is being worked. Therefore, I think it is very important that the 12-inch limit be not placed in here at this particular time. We may work into that later on.

In my own operations I have raised my initial limit to 10 inches instead of 9 inches, because I want more production, but if I have to wait for 12 inches, I think it would be a hardship on the timber owners and those who are trying to raise timber for future turpentine processing.

MR. SPEN: I would like to ask Mr. Kircher a question. Mr. Kircher refers to this as a worked out face. I am wondering what he has in mind. Where a man has a lease on timber for four or five years and there are no restrictions as to his back-cupping that tree? He now works or has worked

two years. He has two years longer to work it. The face is not worked out. Does Mr. Kircher think or does he have in mind that even under those conditions the man should not back-cup that tree if it is not 12 inches?

MR. KIRCHER: That is included in this. We have used the term "not inconsistent with leases and contracts". That is in this section.

PRESIDING OFFICER COOK: Did you all hear Mr. Kircher's reply?

MR. KIRCHER: The reply is that the section itself includes a clause which says "The foregoing provision shall not apply where inconsistent with leases and contracts executed prior to September 14, 1933."

MR. JAMES HAMILTON: (Sworn) They have to be 12 inches before you can cup them?

MR. KIRCHER: Before you back-face.

MR. HAMILTON: I want to ask another question. If you worked timber that is 9 inches 4 and one-half feet from the ground --

PRESIDING OFFICER COOK: Speak louder, please.

MR. HAMILTON: Do you mean to work the timber put up in 1933 that was 9 inches around when it was put up?

MR. KIRCHER: I do not know as I understand the question. You are working a virgin timber?

MR. HAMILTON: Yes.

MR. KIRCHER: A virgin cup at 9 inches. You work that out. Then your back-facing goes on when it is 12 inches.

MR. HAMILTON: I think the suggestion is all right there. I do not see anything wrong with that.

TESTIMONY OF T. S. BOYKIN, STATE LINE, MISSISSIPPI, REPRESENTING BOYKIN & SON, STATE LINE, MISSISSIPPI, T. J. BAILEY, N. E. LUCAS, AND S. J. WILKINS, STATE LINE, MISSISSIPPI, AND W. A. MOZINGO, WAYNESBORO, MISSISSIPPI.

[illegible]

[illegible]

MR. [illegible]: [illegible]

MR. [illegible]: [illegible]

MR. [illegible]: [

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER COOK: State your name and address.

MR. BOYKIN: T. S. Boykin; State Line, Mississippi.

Mr. Chairman, it is hard for me to understand why a tree may be worked for virgin purposes at 9 inches and not worked as a back-cup tree at nine inches, if 9 inches is to be adopted as a standard. I see no reason why it should not be back-cupped at 9 inches as well as having had the first cup placed on it. I do not see why there should be any distinction, especially of 3 inches in the diameter.

I favor a diameter limit on trees and I believe Mr. Wilson said that he had adopted a method of cupping nothing under 10 inches. That is also my plan, namely, 10-inch trees, but I do not think there should be any very wide diversions, if any, in the matter of a virgin face or of a backed-up face which, after all, is a virgin face. I cannot see why there should be any distinction there. I should add my protest to that.

TESTIMONY OF R. E. BENEDICT, BRUNSWICK, FLORIDA,
REPRESENTING BRUNSWICK PENINSULA COMPANY.

(The witness was duly sworn by the presiding officer and testified as follows:)

MR. BENEDICT: Mr. Chairman, this is so contrary to the established practice that before making any comment I would like to have him explain the purpose of the amendment.

MR. KIRCHER: I will have Mr. Hadley explain that.

MR. HADLEY: Mr. Chairman, since Mr. Wilson has told us his reasons why he does not think that this amendment should be approved, I am going to attempt to tell you why we have suggested it.

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER: State your name and address.

MR. SMITH: I. A. Popkin Davis Jr., Middleright.

MR. DARLING: It is just for me to understand why a free map is needed for visit purposes or I believe you mean, you mean to a photocopy type of blue lagoon, if I follow it by the adjoined in a statist. I see no reason why it should not be photocopied at a cost to a dollar having had the first map-plotted on it. I do not see why there should be any limitation, availability of I believe in the element.

I have a distinctive list of trees but I believe Mr. Stokes just that he was attached a series of original Indian water in Indian. That is also my plan, usually, Island trees, but I do not think every plants be any very wide divergent, I may, in the notion of a visual tree or of a backward-by free which, after all, is a single tree. I cannot see why there should be any distinction there. I should ask my friends to look.

PRESIDING OFFICER: A. M. Dalkins, Commerce, Florida.
MR. DARLING: PRESIDING OFFICER, MR. CHAIRMAN.

(The witness was duly sworn by the presiding officer and testified as follows:)

MR. SMITH: Mr. Darling, this is an amendment to the estimation practice that Dalkins and Company I would like to know his analysis the purpose of the amendment.

MR. DARLING: I will have to obtain explain that.

MR. DALKINS: Mr. Chairman, since Mr. Dalkins has said he has thought why he does not think this amendment should be accepted, I am going to attempt to tell you why he has indicated it.

This amendment has been suggested on the basis that the cupping of trees under 12 inches, having one old face or worked out face, is not consistent with the existing clause which states that not more than one face will be worked on trees under 14 inches and that facings which are worked under those conditions or circumstances would probably be just as destructive as working two faces on trees under 14 inches. We suggested that that 14 inches be reduced to 12 inches, because we realize after a face has been worked out on a tree, that the tree has grown some since that first facing was established; therefore, the reduction of the 14 inches to the 12 inches for the second face after the first face had been worked out.

I think most of the processors and operators realize that when you put a second face on a 12-inch tree or on a 10-inch or on a 9-inch tree often you have a mighty small leeway there for bark bar upon the face and the idea here is that trees under 12 inches that are faced will not have a sufficient bark bar between those faces to keep up the gum yields and to keep the tree going, prevent dry facing and depletion of the entire stand of timber. Those are our reasons for suggesting this amendment.

MR. WILSON: As a matter of consistency, I think the agreement and license provides only one face at a time may be worked, not two faces at a time. I do not see the inconsistency in that particular that Mr. Hadley referred to, because it provides only one facing at a time on a tree under 14 inches.

In reference to this matter of working two faces at the same time on a tree, may I say that the tree is a living organism. When you speak of working one face on a tree to secure gum out of that face, there is a strain on the tree. It is a strain. There is a strain on it to produce

This morning's lesson dispensed on the basis that the cooking of three meals in Japan, having one old Zero go wooded out from, is not associated with the military. Many cries where life's may more than has they will be wanted on three order in India and that trains such are worked under their duplicate or dissatisfaction until probably be just as dangerous as veering two there at have main in India. To conceived that this is lodged by without in it Japan, lessen a radio after a face the been vanqued and in a time. That the two the green area which that first radio was intelligent conditions. The reversion of the 11 ladies to the 12 ladies for the wheel land after the kind from had been moving up.

I think most of his pronouncing and questions matter that when you for a second fear in a 24-hour time or as a 12-hour or as a 24-hour time often you have a nicely small lovely times for hour for when the face and the line here in that hours order in India that we found will and have a difficult deal the Japanese since India to been on the one yields and to lost the two cries. Never by China and leaving of the entire plant or train. Those are the reasons for supplying the numbers.

Dr. Elliot: In a matter of simplicity, I think the movement and lessons provides only for days at a time and on weekend, the time there at a time. I do not see the importance in that politicians have Mr. Dailey returned to, because it provides only one feeding at a time on a two order in India.

In reference to the matter of trains we have at the same time on a time, but I can tell the bus is a little wrecked. Can we speak of veering one then or a time to which one of that fear, there is a track on the time. It is a matter. There is a matter on it to produce

the full capacity of gum. But when you drop one face and pick up another one, the producing ability of the tree all goes to one face. It is like hitching a mule to a two-horse wagon and expecting him to pull a two-mule load at one time. If you put him to a one-horse wagon, why, he will pull the load.

PRESIDING OFFICER COOK: Any comment from any one else?

MR. BOOTH: Mr. Chairman, I protested that amendment on the ground that I am in favor of conservation, but it would be inconsistent. Really, I do not believe that we should have any two-face operation, except in the extreme cases. I submit that it would be much better to continue that operation with one face, on the assumption that the tree when you have worked it five, six, or seven years as slowly as it should have been worked, will have grown to the extent that it will be 10, 11, or 12 inches, even to the extent of 14 inches. If we wanted to put in any provision at all, we should put in one that any tree that has been cupped shall never be doubled cupped, and the double cupping should not apply to any tree except large timber that has never been cupped before.

So far as the bark bar is concerned, I think practically every turpentine operator will agree that a young, vigorous growing timber is much better protected after you have worked one face and put on another cup and worked another face than it would be if you worked the two faces simultaneously, on even the larger sizes, because you have the healing scar that is protected and which conserves the life of the timber. Any tree that does not grow during the operation and increase in size certainly would not be inviting to the operator to recup. In our reforestation, we are not able to finance it by waiting and seeing it grow. We have to reforest as we operate and operate as we reforest. We have a thick growth in many instances where we can put on the one cup and work it out. We

the fall necessary of gas. But when you have one that will take up another one, the producing capacity of the area all comes to one then. It is like hitching a mule to a one-horse wagon and considering his pull a two-mule load as the like. If you put him in a two-horse wagon, why, he will pull the load.

CHAIRMAN DOUGLAS (CONT): Let counsel from my one minute.

MR. HARDY: Mr. Chairman, I particularly that amendment on the ground that I am in favor of conservation, but it would be inconsistent. Really, I do not believe that we should have our two-horse operation, except in the extreme cases. I certainly feel it would be good business to continue that operation with one lease, as the assumption that all cases when you have varied it from, say, or other years as clearly as it should have been varied, will have grown to the extent that it will be in, if, or it indeed, even in the extent of it indeed. If we added to put in any provision at all, we should put in the last say that the same method shall never be doubled dropped, and the single section should not apply to any area except large enough that has always been original lease.

So far as the bill has been discussed, I think practically every burgeoning operator will agree that a young, vigorous growing client is much better pre-tested after you have worked one than the bill as another and worked another then than it would be if you worked the two tests simultaneously. As with the larger class, because you have the feeling that it is protected and also preserves the life of the client. My time that does not give double the opportunity for improper in also certainly would lead to inviting to the initiative to order. In our deliberations, we are not able to change it by putting the period. We have to proceed on the principle and decide on the material. We have a bill growth in most industries where we are not in the day and week it out. We

can protect it from fire in the operation of our crews; then, when that is over, we can put on the back-cup to the same tree after giving it a year's or two rest. I submit if that tree is not vigorously growing, if it is dry-faced, as we express it, there is no operator that would decide to back-cup it, but if it were, it would enable him to sustain his operations, not only in producing gum, but in producing timber as well as meeting his expense of operation. I think we are going pretty well if we put on the stipulation of 9 inches, 4 and one-half feet from the ground. I am afraid we would be getting along a little too well, getting too far and making strides too rapidly if we were to step up on this back-cup proposition.

I may refer to a sample of timber I have been working 25 years. I have grown the timber from the mast or seed. Of course, a great deal has come into working, but there has never been but one cup or one face worked on that timber. As we finish with one, after a year or two years we put it on the back of that same tree. We lift other trees as they reach 9 or 10 inches in diameter and continue with the operation, protecting it from fire, cutting out such timber as seems to not be vigorously growing and replacing it with younger timber. On a plot of 60 acres, they put up 2,000 in the beginning, they put up 2,800 in the second operation and put up 4,200 in the third operation and it is still growing. There has never been but one cup to the tree, and back-cupping right along and it now will put up four to five thousand on timber above 10 inches.

Mr. Chairman, I submit this might be going too rapidly and I respectively protest the provision of 12 inches on back-cupping timber. I agree heartily to the 9-inch provision and the 14-inch provision, but I do not believe we ought to put a restriction on the back-cupping.

MR. HADLEY: Mr. Chairman, the chances are that if the timber that is being worked and is rapidly growing and thrifty, and has been worked for from five to seven years conservatively, the tree will closely approach the 12 inches that we suggest is necessary to provide sufficient working surface of bark to cover the face. So I think that that will probably work itself out. Of course, when you go to measuring the diameter of a tree that has been faced you realize that the shape of that tree has been distorted. If you measure the diameter through the bark bars,, you will get a lot more diameter than if you measure it through a radius taken through the faces. So if you measured the tree, the good growing conditions, the diameter will be approached anyway regardless of this requirement.

MR. MC INTOSH: Gentlemen, there is one feature that I do not know whether we have considered in talking about this proposed change in the requirement for a back-cupped tree. There are some very large areas within our turpentine belt where, according to my best recollection, you will find that the majority of the timber being worked in those areas would be under 12 inches in the larger percentage of cases. Of course, the owners of that timber, the people who have timber to sell, are dependent upon that timber for an income. This 12-inch requirement would within a short time, within say two or three years, eliminate the processor from those territories altogether. It would be destructive of his business. This does not seem to be a very desirable end, but it is exactly what the effect would be.

TESTIMONY OF C. C. HUXFORD, APPEARING
FOR C. C. HUXFORD AND J. O. HUXFORD.

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER COOK: State your name and address.

MR. HUXFORD: C. C. Huxford, representing C. C. Huxford, Townsend, Georgia, and others.

PRESIDING OFFICER COOK: You may proceed.

MR. HUXFORD: Mr. Chairman, I just wish to endorse Mr. Wilson's objections to the 12-inch clause.

MR. BOYKIN: May I ask this question? Should you represent more than one interest - in my case I represent four or five different producers - should I make that all a matter of record?

PRESIDING OFFICER COOK: I think the record should show every one that an individual here represents.

MR. REESE: Mr. Chairman, I move to amend Article VII by substituting the date February 21, 1934, in the two places where the date September 14, 1933, now appears; also strike the words "but prior to September 14 of said year" appearing in line 9 of the article.

PRESIDING OFFICER COOK: Will you give us the reasons for that?

MR. REESE: The purpose of this amendment, Mr. Chairman, is this: The date September 14, 1933, was the date of the initial meeting of producers held at Valdosta, out of which the movement to obtain a marketing agreement developed. The marketing agreement did not become effective until February 21, 1934. Between those dates, no one knew whether or not a marketing agreement would become effective. It is entirely probable, and I have no concrete instance in mind, that leases were made during the fall of 1933 in which the parties assumed that the marketing agreement would not become effective. I think to place this date back to September 14, 1933, has the affect of making retroactive the terms of the agreement and I am sure all of us want to avoid that.

MR. SHER: Do you think there were many leases entered into between September 14, 1933, and February 21, 1934, on the assumption a marketing agreement and license would go into effect, containing just such a clause?

MR. REESE: Any answer I might make to that question would be guess work. I really have no information upon which to base an opinion.

MR. SHER: If there were any such leases, the change of date would be unfair to those who did not enter into a lease. It would be giving an unfair advantage to the person who entered into a lease on the assumption that the marketing agreement was going into effect?

MR. REESE: There again we have to get into the question of intention, which is a vague, indefinite and an intangible thing. It seems to me that the only safe thing to do is just assume that everybody who acted prior to February 21, 1934, was within his rights in whatever he did and those rights ought to be protected.

PRESIDING OFFICER COOK: Any further questions or statements?

MR. BOOTH: I would like to endorse the proposal as submitted by Mr. Reese. Of course, it may be possible that some operator, anticipating that there might be a marketing agreement, secured leases and cupped timber undersized, but I do not take much stock in that. If the control committee or the authorities were to undertake to ferret that out, it would be a question of ascertaining the intention of the perpetrator or operator, I should have said, and that would get us out on a phantom chase and we would never reach the end.

I think in common fairness to all parties concerned, and I must confess I had my serious doubts about a marketing agreement going into

DR. BOND: Do you think there can only large-scale attack into between Guyanese in, 1968, and Britain in, 1969, in the question a nationalist government and Guyana would at least effect, supplying just such a change?

MR. BURNS: Mr Speaker I might make it that question would be given back. I really have no information upon which to base an opinion.

DR. BOND: If there were any such factors, the change of this would be useful to know why did not refer into a large. It would be giving an useful advantage to the Guyana Tax authorities if there is some the additional that the nationalist government was going into effect?

MR. BURNS: Every right we have we put into the position of liability, which is a value, indirectly and on reasonable data. It seems to me that the only data which is to be put across that everybody who voted prior to February 22, 1968, has which his rights is whatever in 1969 and those rights cause to be exercised.

MINISTER OF FINANCE (Mr): Mr Further questions on statement?

DR. BOND: I would like to address the question to Minister by Mr. Burns. If there, it may be proper, may not appropriate this time which is a nationalist government, national income and regional income-generation, but I do not know what is that. If the country characteristics or the expenditure were to substitute to forward than and, it would be a question of establishing the intention of the nationalist of revenue, I should have said, that does would not be not be a proper stage for we will never know this.

I think in Guyana Parliament to all people concerned, and I mean whether I put up Action Bills about a nationalist government going into

effect and whether it was to go in or not to go in had no effect whatever on my operation, Mr. Reese's proposition should be endorsed. Therefore, I heartily endorse the resolution or suggestion made by Mr. Reese, feeling that the change should be made because between September 14 and February 21 or whatever the date happens to be, it was entirely undertain as to what the outcome of our deliberations and consideration of the marketing agreement would be.

PRESIDING OFFICER COOK: Anything further?

TESTIMONY OF W. C. ROGERS

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER COOK: What is your name?

MR. ROGERS: W. C. Rogers.

PRESIDING OFFICER COOK: Whom do you represent?

MR. ROGERS. Myself.

PRESIDING OFFICER COOK: What is your address?

MR. ROGERS: Chester, Georgia.

PRESIDING OFFICER COOK: Proceed.

MR. ROGERS: I want to file an objection to that clause or that amendment on the ground I have been an operator a long time and it is inconsistent. I own 51 acres of land. I am dependent on the income from turpentine to pay the taxes and to finish paying for the land. There are thousands of acres in the same position. There is a dense stand on it. When you work a tree out, if it falls down, there is another one to take its place and it is mainly on trees that are under 12 inches that you get your turpentine and your income. In addition to that, I own some sawmill timber that I want to work out before it is sawed. That will be sold ten inches and on up on the stump. I will have thousands and thousands of trees that I could not turpentine before it is sawed.

effort and whether it was to go on or not but in no sense as actual expenses on my campaign. Mr. Moore's proposition should be rejected. Therefore, I respectfully endorse his resolution or recommendation only by Mr. Jones, feeling that the chairman should be only limited between December 15 and February 20 or whatever the last Monday in Pr. It was entirely unnecessary to be made by reason of our publication and circulation of the materially expensive would be.

PRESIDING OFFICER (Mr. Jones): Continue discussion.

MR. MOORE: M. S. Moore.

(The minute was duly given to the president citizen and testified as follows:)

PRESIDING OFFICER (Mr. Jones): What is your name?

MR. MOORE: M. S. Moore.

PRESIDING OFFICER (Mr. Jones): What is your occupation?

MR. MOORE: Merchant.

PRESIDING OFFICER (Mr. Jones): Give the post office address.

MR. MOORE: Oakdale, Illinois.

PRESIDING OFFICER (Mr. Jones): Proceed.

MR. MOORE: I wish to file an objection to the claims of the gentlemen on the ground I have been in charge a long time and it is immaterial. I was in serve of land. I am acquainted on the Indian from Washington to get the trees and to field serve the old land. There are thousands of acres in the area limited. Under is a more about in it. That you took a look out, it is this down. There is another and to take the place and it is mainly on trees and are make it looks that you get your burgeoning and have income. In addition to this, I was some annoyed that I would be back our before it is gone. They will be not the income out in or on the shoes. I will have thousands and thousands of trees that I could not determine before it is gone. ED

PRESIDING OFFICER COOK: You are referring to the amendment suggested by Mr. Kircher?

MR. ROGERS: Yes.

PRESIDING OFFICER COOK: Any further comments?

(No response.)

PRESIDING OFFICER COOK: Do you have some further amendments, Mr. Kircher?

MR. KIRCHER: We also suggest putting into this Article a Section 2 which reads as follows:

"The contracting processors agree to formulate in cooperation with public agencies and to adopt by a majority vote rules and minimum requirements for the control of fires and for woods practice in the working of trees from which gum is being produced. Such rules and requirements after approval by the Secretary will become binding upon the processors who agree not to process or ship and/or market cleaned gum, gum turpentine, and gum rosin derived from any crude gum taken from any trees or operating areas on which the rules and requirements have not been observed."

Now, Mr. Chairman, this is about my way of thinking of it. It seems to me that the processors are interested in keeping the land productive and seeing that some measures are taken for fire control and for woods practice. On the other hand, it seems it would be unwise to suggest such things at this meeting because there probably are a great many differences of opinion as to what practice should be undertaken and what fire control measures should be undertaken. It would seem if I proposed anything of that kind it would lead to a long discussion and probably in a meeting of this kind we could not reach any sort of an agreement. Therefore, it seems to me while you people undoubtedly desire something of this kind and finding that we cannot do

it here, it would be a good idea to make provision so that such rules and requirements can be worked out in the future and then set up for your guidance.

This amendment would allow you to do that without amending the whole agreement here, which would be difficult to do, and it also gives a lot of flexibility as to the requirements you want to set up.

MR. SPEH: Might I ask Mr. Kircher if he will read the first part again about the majority vote?

MR. KIRCHER: Yes, that is very important.

"The contracting processors agree to formulate in cooperation with public agencies and to adopt by a majority vote rules and minimum requirements for the control of buyers and for wood practice in the working of trees from which gum is being produced. Such rules and requirements after approval by the secretary will become binding upon the processors who agree not to process or ship and/or market cleaned gum, gum turpentine and gum rosin derived from any crude gum taken from any trees or operating areas on which the rules and requirements have not been observed."

MR. SPEH: Mr. Chairman, what I am about to say is not to be taken as an endorsement or criticism of this. I would like to offer the suggestion that it not read "The contracting processors agree to formulate and to adopt," but I would say that the contracting processors agree to formulate, if they adopt by a majority vote. If the processors want this and they indicate that they want it by a vote, that is one thing, but I think this would bind them to actually go out and vote it. I do not know that they want that.

MR. KIRCHER: There has been another suggestion made to me in reference to an amendment. That is regional requirements rather than

It here, it would be a good idea to make provision so that such rules and regulations can be worked out in the future and then put to the proper guidance.

This amendment would allow you to do that without amending the whole statement here, which would be difficult to do, and it also gives a lot of flexibility as to the requirements one must be put on.

MR. SMITH: Might I ask Mr. Kirshner if he will read the other part again about the majority vote.

MR. KIRSHNER: Yes, that is very important.

"The amendment provides a step to formulate it consistent with public accounts and to vote by a majority vote rules and regulations for the control of sports and the most practice in the voting of votes that who can be being produced. Such rules and regulations after approval by the majority will insure fitting upon the petitioners who agree not to issues or this and/or actual circumstances, due termination and the vital derived from any extra pay taken from any issue or majority vote on which the rules and regulations have not been observed."

MR. SMITH: Mr. Kirshner, that I am right in my is not to be taken as an endorsement or validity of this. I would like to offer the suggestion that it has that "the amendment necessary agree to consider and to start." But I would say that the amendment necessary carry the majority, if they agree by a majority vote. If the provisions and this and they indicate that they want it by a vote, then in one hand, but I think this would also that is actually a new and that vote is. I do not know what they find it.

MR. KIRSHNER: There has been another suggestion made to me in reference to an amendment. That is regarding provisions rather than

one set of requirements for the entire area, which, of course, is perfectly satisfactory and a whole lot better than to try to cover the thing with one amendment.

MR. BENEDICT: I would say I am entirely in sympathy with the intention of this amendment or this proposal by Mr. Kircher, but I think that it should start in the form of a committee to report what the control committee may consider practical. We are binding ourselves. We do not know what we are binding ourselves to. It is a matter which requires investigation.

I want to repeat that I am in entire sympathy with it, but I do not think most of us would want to tie ourselves up blindly this way. There should be a get-together between the public agencies and, say, a committee under the marketing agreement to work this thing out, then submit it to the marketing agreement committee.

MR. KIRCHER: That is exactly what this is supposed to be. The idea is that we cannot sit down here this afternoon and work out any requirements. My idea was that a committee of the processors get together with such public agencies as desire to get in on it, possibly the State Foresters, possibly some members of the Forest Service, and work out something to be submitted to the members and have them comment on it; then, finally, work up something which the majority can approve and put into effect.

PRESIDING OFFICER COOK: Any further questions?

TESTIMONY OF W. M. OETTMEIER, FARGO, GEORGIA,
REPRESENTING SUPERIOR PINE PRODUCTS COMPANY.

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER COOK: State for the benefit of the record your name and whom you represent.

MR. OETTMEIER: W. M. Oettmeier; Fargo, Georgia, representing the Superior Pine Products Company.

Mr. Chairman, I want to endorse Article VII in connection with the conservation of timber, believing this article, in my estimation, can be the backbone of this entire marketing agreement. In view of the fact that in 1934, of the round timber hung, 45 percent of the virgin stuff hung was under 9 inches, I believe by adopting this amendment and including along with it a 12-inch limit for back-cupping, we will go further and really reduce production than by any other method; therefore, I heartily encourage the adoption of this article.

PRESIDING OFFICER COOK: Any further comment from any one else?

(No response.)

PRESIDING OFFICER COOK: Are there any further amendments to article VII?

MR. HADLEY: Mr. Chairman, we have one other suggestion. Under definitions, we introduced a definition concerning sustained yield. That was read to you. The other suggestion we have to offer is on this sustained yield. Perhaps I had better read that definition over again before reading the suggestion.

Sustained yield is defined as management of specific forest lands, under single ownership, or cooperative control, within an economic unit, under definite management plan which limits timber cupping to the capacity of such lands under existing methods of management as determined from existing growing stock and growth, to provide without interruption or substantial reduction, raw material for industry and community support.

That is the definition of sustained yield. The further amendment that is suggested here would be Section 3 of the present Article VII

and would read as follows:

"In order to stabilize production and increase the life of individual operations, the contracting processors agree to encourage sustained yield operations by the allotment of an additional quota, not to exceed 10 percent, to processors and/or producers who own and manage lands on a sustained yield basis. Applicants under this section must submit to the Control Committee evidence showing their lands to have sustained yield possibilities. The Control Committee in cooperation with public agencies will prepare and issue instructions for submitting evidence of sustained yield possibilities and rules of practice which must be followed."

In this connection, and in order to provide this additional quota for sustained yield operators, it would, of course, be necessary to set aside a small perdentage of the total quota for that purpose. On the basis of survey figures, it has been found it would not require more than two percent of the total quota to take care of all of the applications for sustained yield operators that might come in. That estimate is based on the following computation: Total production quota of 450 units. Since less than 50 percent of the total production is produced by land owning operators and probably no more than half of these by volume would qualify as the sustained yield operators who would be entitled to the 10 percent increase in their allotments by following those percentages through, it results in about a 10 percent or 12 percent of the total quota, if it were 450,000 units.

PRESIDING OFFICER COOK: Any questions of Mr. Hadley?

MR. MC INTOSH: Gentlemen, in connection with this sustained yield plan by which it is proposed to take from the small operators two and a half percent more, coupled with the provision which is also attempted to be written into this agreement or suggested to be written into this

and would read as follows:

"In order to stabilize prices and increase the life of individual operations, the commercial production cycle in mechanized yield operations by the allocation of an additional period to permit, in addition, the production cycle and manage fully in a mechanized field basis. Applicants under this section may submit to the Director Committee officers showing that their mechanized yield possibilities. The Director Committee in accordance with public agencies will prepare and issue instructions for submitting evidence of mechanized yield possibilities and order of priorities which must be followed."

In this connection, and in order to consider this additional grade for mechanized yield operators, it would, of course, be necessary to set forth a small percentage of the total acres for that purpose. On the basis of survey figures, it has been found it would not require more than two percent of the total yield to take care of all of the applications for consideration which contained that right even in. That estimate is based on the following assumptions: Total production of cotton of one acre. Since just ten percent of the total production is produced by land meeting requirements and usually no more than half of these by acreage would qualify as the mechanized yield operators, the result would be satisfied to the 11 percent increase in total allotments by following these percentages through, it results in about 2 1/2 percent or 12 percent of the total yield, if it were 100 percent.

Thereupon Senator EVERS: Any questions of Mr. Bailey?

Mr. BAILEY: Gentlemen, in connection with this mechanized yield plan by which it is intended to take from the small producers two and a half percent more, coupled with the provision which is also attached to be written into this amendment or incorporated in the written into this section

agreement as to the size of timber and the conservation feature by which a processor is supposed to bind himself not to process timber derived from trees except on protected areas under certain rules, leads finally to but one thing. Only the larger, richer, and best organized groups will be able to meet these various requirements and the mass of small timber owners and small operators will be gradually eliminated. It is desirable to grow good pine trees, more of them perhaps and larger sizes, to increase the yield, but the result is going to be to destroy property, what amounts to practically confiscation of a small man's timber under 12 inches from which he may derive some income. If his timber finally grows to 12 inches or some other size, in the meantime his land has been sold for taxes because he cannot do anything with it and it does not do him any good. Under conditions that exist today, we better value the welfare of the small land owners and operators a little bit more than the possibilities of a great and wonderful timber resource and high-class pine trees. It is absolutely certain when you deduct one or two percent here and one or two percent there and give it to some favored class because they have more land and have it in better shape, while the little fellow is going to lose out, and if we are going to arbitrarily lop off a little here and a little yonder and a little somewhere else, in fact, without submission to a vote where an intelligent expression can be gotten, and we are going to have this thing so ordered, we might just as well make up our minds and say good-bye to our turpentine business.

MR. HADLEY: I do not know whether it is thoroughly understood what is meant by this or not. I doubt it very much. I doubt if this gentleman here got the full meaning of the suggestion. In the first

government as to the site of timber on the commercial forests by which a preference is allowed to bid himself out of a previous timber derived from their needs to preserve their water shields, lands finally to not one thing. Only the larger, richer, and more organized groups will be able to meet these various requirements and the mass of small timber people and small companies will be gradually eliminated. It is desirable to grant good plus sales, some of them perhaps and larger ones, to increase the yield, but the result is going to be to destroy industry, what amounts to practically monopolization of a small man's timber market by taking from which to say drive some farmers. If his chief industry grows to 12 inches or more diameter, is he meeting all that he has had for years previous to coming to working with it and they are in his way yet. Other conditions that exist today, so better value the welfare of the small land owners and generally a little bit more than the possibilities of a great and wealthy timber company or high-class lumber trust. It is absolutely certain that you cannot use or two different men or two parent lumber and also if to your forestry plans because they have more land and know it is better alone. Only the little caller is going to live out, and if we are going to substantially let off a little here and a little value and a little economic size, it is that, without substitute to a that plan as individual consideration and be given, and we are going to note this point in conclusion, we might just as well make my use clear and my judgment to not susceptible because.

MR. KELLY: I do not know whether it is necessarily substituted what is meant by this or not. I think it was made. Because in this questions have got the full meaning of the amendment. In the first

place, these sustained yield rules are not the impractical, complicated, and costly operation that lots of people think they are. In the second place, of course, there would have to be some minimum acreage, but the small man would be able to benefit by this increase in production allotment just like the large man. This whole thing is predicated on a similar provision in the lumber code; that is, the conservation section of the lumber code has a proviso in there giving the land owning sawmill men a small bonus in the way of an increase of production allotment where he has his operation on a sustained yield basis. Of course, this whole thing is all subject to the vote, and it is our idea to not put in anything here at all without your approval and suggestions all the way through and finally adopted through a majority vote.

PRESIDING OFFICER COOK: Are there any further comments or questions?

MR. BOOTH: Mr. Chairman, following the statement of Mr. McIntosh, there are large areas of small timber that is being worked for turpentine and if we were restricted to 9 inches and 12 inches for backcupping, it would take away our fire fighting units and the timber protective forces from the field. It is only through the men who are operating in the woods that we are able to furnish fire fighting and protective units. It may not apply to large timber owners who are amply financed, but we do not find so many of those nowadays. I happen to be associated as an officer of what is said to be the largest timber protective organization in Georgia or in the world, I believe it is, or in the United States at least, the consolidated T.P.O. We are in the woods a good deal just at this time. Fires are being reported from every quarter because of the extreme drought that we are facing. If the men in the woods who are operating these timbers, much of it under 9 inches and much more back-

place. These washland plant rules are not the impractical, unpolished, and sweaty creations that lots of people think they are. In the second place, of course, there would have to be some planning involved, but the result can quite be brought by this improve in preserving aliveness just like the large one. This whole thing is specifically on a similar provision in the Inner Code; that is, the conservation section of the Lumber code has a provision in there giving the land owning overall man a small lease in the nor of no interest or interest allowance where he has his contract on a marginal plant basis. If anyone, this whole thing is all related to the ever, but it is not also to not just in regulating here it all without our approval and regulations all the way through and finally simply through a majority vote.

PRESIDENT MELVIN DAVIS: Are there any further comments or questions?

MR. HAUPT: Mr. Chairman, following the statement of Mr. Mainard, there has been some of small theory that is being voted for tomorrow and if we were prepared to a logical not it (using the analogy), it would take away our five fighting rules and the always primitive frame from the field. It is only because the not who are opposing in the would that we are able to handle this fighting and production model. It may not apply to large timber owners who are really planning, but we do not find no part of them somewhere. I suppose it is a standard or an officer of what is said to be his issues though principles regulations in Sacramento or in the world. I believe it is, or in the United States as least, the commissioner "J.O." No are in the world a real good job of this time. Also the value secured from every current harvest of the extreme through what we are faced. If the sun is not what we are operating these stations, such as it make i lumber and back more tim-

cupped under 18 inches, were compelled to abide by this provision, we would have to abandon, of necessity, large areas to destructive fires. This would not only deprive the owner of his income, but it would deprive him of his property and I feel sure, with all the ideal intentions behind these propositions that if we stop at the 9-inch provision we shall do well. It would be impossible to keep a check-up on these propositions of 9, 12, and 14 inches and so on and so forth, especially when we have driven a good many of the operators from the woods and have abandoned these areas through destructive fires. I am sure that the intention behind the propositions is good, but they certainly will not work out at this time.

PRESIDING OFFICER COOK: Anything further?

MR. HADLEY: Just one point I want to stress and that is that all of these provisions here that we have suggested, these rules that we have suggested to be drawn up by the industry, are to be drawn up by that industry, and by their representatives, and adopted only after a majority vote. Our idea is just to provide for the drawing up of some rule to be decided on by the industry. As far as the sustained yield proposition goes, that is entirely optional with any operator who wants to take advantage of that proposition. It does not mean that this is going to be forced on anybody, even though it were adopted by the industry.

I want to stress the point that the sustained yield proposition is optional. In the second place, the suggestion that rules be drawn is that they be drawn up by members of the industry themselves and voted for or against as they see fit. It leaves an opening there to put in some forestry practice, if you so decide.

I thank you.

[illegible]

[illegible]

[illegible]

MR. HAMILTON: I supervised a turpentine producing outfit and they have a negro that goes through the timber and carries a rule with him. If he does not think a tree goes 9 inches, he does not use it. On 12 crops or about 12 crops, I made 634 barrels and I made it for $12.66 a unit. That is what turpentine brought at the factory. That is what it figured out, $12.66. If this will help a little man, it will help a big man. Some of those people did not get enough to have the negro tote the bucket. If it will work in one place, it will work in another and I believe it will pay to go down to the 9 inches. Any tree that is worth while will grow three inches in seven years it will be a 12-inch tree. You can then go on the back of that tree, but not right behind it. You can even put a third cup on some of them.

MR. WILSON: The cost that you gave there was how much per unit?

MR. HAMILTON: $12.66.

MR. WILSON: What does that mean, - cost of the timber or just what does it mean?

MR. HAMILTON: That meant the cost production operating it.

MR. WILSON: The operating cost?

MR. HAMILTON: Yes.

MR. WILSON: That is just chipping and dipping?

MR. HAMILTON: Yes, and putting it in --

MR. WILSON: And putting it in the still?

MR. HAMILTON: Yes.

MR. WILSON: You do not know what the total cost was including the timber?

MR. HAMILTON: I got a copy of the audit at home, but I cannot tell you offhand here.

MR. INQUISITOR: I apprehend - respectable merchanting gentlemen and ladies - a degree that goes through the timber and involves a wide gilt. If he burns his house down a little space a inches, he does not use it, or if crops or shoes his servants, I make this burglar and I mention it for gilt.m-well. That is your interpretation Doctor of the Chatsby. That is what is figured out, Sir.Ed. If this will help a little man, he will help a big man. Some of Sidney Smiths did the same thing with the Tomkins. If it will work in one place, it will work in another and I believe it will get to be done in a inches. Any time that is worth money, will give Sidney Smiths in every county it will be a 12-foot man. You are then let on the back of that inch. But now pick behind it. You can even put a fairly any or some of them.

MR. WILKES: The best that you have ever had much yet really

MR. TAMLINSON: Sir.Ed.

MR. WILKES: What does that mean, - part of the flower on the side down it mean?

MR. SANDLIVER: That means the most profoundest concerning it.

MR. WILKES: The opposite; good

MR. TAMLINSON: Yes.

MR. WILKES: What is just sitting and thinking

MR. INQUISITOR: Yes, and putting it in —

MR. WILKES: And putting it in the middle

MR. SANDLIVER: Yes.

MR. WILKES: You do not know what the field mean you including the Widows

MR. MAGISTRATE: I get a copy of the milk on Sunday, but I manage half you without know.

MR. BOYKIN: Mr. Chairman, I am in favor of timber conservation. In fact, I have been growing timber, I think this makes the twelfth year. I have planted it, I have thinned it, I take it up and I resell it. I think that the 9-inch diameter limit is a very good thing for the industry as a whole. I do not agree that you could not backcup a tree until it is 12 inches, because of this fact: Before the marketing agreement was adopted there were a number of trees producing crude gum that were not yet 9 inches, but possibly now may be 9 inches or may be 10 inches and that fa~e has been worked out. So I could not agree it would be the best thing for the industry to set a 12-inch limit for back-cupping timber. Neither do I think it would be wise to deduct two percent or for that matter any percent to give a concession to any operators or class of operators or processers in order that they might practice the sustained yield in their own orchards or in orchards which they might supervise. Sustained yield is a good thing, I believe, but I also think it carries along on its own weight. In other words, I see no reason why we should deduct two percent on sugar, we will say, and tell the fellows to go into a sustained yield who were not in it before or to pay a man for doing something which has already helped his operation and thereby helped himself.

PRESIDING OFFICER COOK: Anything further on the amendment?

(No response.)

PRESIDING OFFICER COOK: If not, we will take a ten-minute recess.

(A short recess was taken.)

PRESIDING OFFICER COOK: Mr. Reese, there is a question we would like to ask. Will you come forward.

MR. BRAUN: Mr. Reese, you suggested changing the date September 14, 1953, to February 21, 1954.

MR. PRICE: Mr. Chairman, I am in favor of timber conservation. In fact, I have been growing timber, I think this makes the twelfth year. I have planted it, I have thinned it, I have done all we can I think it. I think that the T-beam Elsmere Link is a very great thing for industry as a whole. I do not agree that you could run boating a time until it is 12 inches, because of this fact: Before the conviction otherwise was applied there was a number of times overlooking cards that were not yet 8 inches, but possibly now they be 9 inches or may be 10 inches and that time has been worked out. So I think not more it would be the best thing for the industry to use a 10-inch limit for beam-cutting limits. Taking it I think it would be wise to reduce the percent to ten that either may, perhaps we give a concession to any operations or place of operations or processors in order that they might practice the minimum yield in their own operations or in conjunction with the logging operations. Partial yield is a good thing, I believe, but I also think it carries risk in its own weight. In other words, I see no reason why we should deprive the personal or owner, we will say, and call the failure to go into a maximum yield who was not in it before or to put a cut for other consolidating which has already helped the operation and thereby helped himself.

PRESIDING CHAIRMAN (MR.): Anything further in the consideration (of regulations.)

PRESIDING OFFICER (MR.): If not, we will take a ten-minute recess. (A short recess was taken.)

PRESIDING OFFICER (MR.): Mr. Chairman, there is a question we would like to ask. Will you come forward.

MR. SMITH: Mr. Chairman, the suggested changing the date September 14, 1960, to February 15, 1960.

MR. REESE: Yes, sir.

MR. BRAUN: I was wondering whether or not conservation was discussed at this meeting which was held at Valdosta that you mentioned?

MR. REESE: I think it was. I think there was a conservation provision in the agreement that was before the meeting. Mr. H.M.Wilson can verify that, but I am sure my recollection is correct.

MR. WILSON: That is correct.

MR. BRAUN: The question that arises in my mind is why you felt it would be retroactive if it was discussed at that meeting?

MR. REESE: Because no marketing agreement was an accomplished fact until February 21, 1934, and the tentative form that was submitted at the Valdosta meeting was revised. It was submitted in quite a different form at the November hearing down here in Jacksonville last year. I do not mean that there was any substantial difference in the conservation features, but I mean the whole industry was up in the air. We did not know whether we were going to have a marketing agreement or not going to have it; we had to get one way or the other. I am speaking of the industry when I say "we" and I think it is manifestly unfair after the event to go back to September 14th or any other date and say from this date you ought to have guessed right up to the time the agreement became effective.

PRESIDING OFFICER COOK: Any further questions of Mr. Reese?

MR. BOOTH: Was it not at the same time highly problematical as to whether - or did we not have reason to believe it was problematical as to whether we should have any marketing agreement at all?

MR. REESE: Mr. Booth, we thought we had a reason. It turned out that was not founded, but we did so at any rate.

MR. BURNS: Yes, sir.

MR. DUNN: I was wondering whether or not a conservation discussed at this meeting was held at Valdosta like you was.

MR. BURNS: I think it was. I think there was a conservation division in the government that was before the meeting. Mr. E.M. Dixon was really that, but I am not my recollection is correct.

MR. VILLAS: That is correct.

MR. DUNN: The question that arises in my mind is why you felt it would be preferable if it was discussed at that meeting.

MR. BURNS: Because as matters stand we do encounter-light that until February 21, 1958, and this testimony from that was submitted at the Valdosta meeting was evident. If was minimum in size a different from at the American Beverly Corporation in Tuscumbia last year. I do not mean that there was any commercial difference in the conservation factors, but I mean the whole industry was at it the air. We did not have another so very early in have a conservation equipment or you either be here [?] so that it was not for us to do other. I am speaking of the industry when I say "we" and I think it is generally agreed after the event to go back to determine just or why which and why from this date you might to have general view up in the view the government begins activity.

PRESIDING OFFICER: Any further questions of Mr. Burns?

MR. DUNN: Has it not at the same time highly preferential as to whether - or did we not have reason to believe if we considered as to whether we should have any activity expenses at all?

MR. BURNS: Mr. Dunn, we thought we had a problem. If there was not found, but we did at my rate.

PRESIDING OFFICER COOK: Are there any other suggestions about that article, or are there amendments or questions on the article? That is, Article V.

MR. SAPP: Mr. Chairman, I wish to go on record as favoring the change proposed by Mr. Reese.

PRESIDING OFFICER COOK: I do not believe they hear you.

MR. SAPP: I wish to go on record as favoring the change suggested by Mr. Reese. Common honesty demands that the change be made. We made a marketing agreement that was retroactive and we penalize or punish a man for committing a crime before there was any law made against that crime. That is manifestly unjust and should be corrected.

PRESIDING OFFICER COOK: Anything further?

(No response.)

PRESIDING OFFICER COOK: If not, we will refer back to page 5, Article IV - Expenses. The provisions of the license are practically identical, and I presume, of course, the changes that have been suggested apply also to the provisions of the license. Hearing nothing to the contrary, we will take that for granted. I will now endeavor to read Article IV entitled Expenses.

(Article IV - Expenses, Section 1, subparagraphs 1 and 2, were read.)

PRESIDING OFFICER COOK: Are there any questions on Section 1?

A VOICE: Does that say the secretary may prescribe or shall prescribe.

PRESIDING OFFICER COOK: Shall prescribe. Are there any amendments to that Section?

(No response.)

(Section 2, page 5, of the marketing agreement was read.)

PRESIDING OFFICER COOK: Are there any comments or amendments?

(No response.)

PRESIDING OFFICER: Are there any comments whatsoever on that section?

MR. RIVES: Is that deficiency clause in the present agreement?

MR. SHER: The present agreement merely provides each contracting processor agree to pay to the control committee his proportionate share of the expenses necessary for the administration of the terms of this agreement. It is very general and it is not anything like as specific as the proposed change.

PRESIDING OFFICER COOK: Are there any further questions?

MR. BOOTH: I do not know, Mr. Chairman, whether this is the proper time, but I would like to add to this section: "Upon which such deficiency shall be contributed by the contracting processors and upon approval by the secretary each of said processor agrees to contribute to the control committee his share of the funds to be raised in accordance with such approved basis of contribution and upon submission of said deficiency a financial statement of the receipts, expenditures and operations of the control committee be submitted to the contracting processers upon call."

PRESIDING OFFICER COOK: Any comment on the amendment as suggested by Mr. Booth?

MR. SPEH: I might say, Mr. Chairman, I think there is ample protection all the way through due to the fact that the Committee must draw up a budget and submit it to the secretary. That is the limiting feature. He is going to see that your budget does give ample protection all the way through.

MR. BOOTH: I would like to say, Mr. Chairman, and, as I stated, this may not be the proper place to inject it, I believe at the same

PROFESSOR BRIDGES: Are there any amendments suggested to that section?

MR. ATKIN: Is that definitely stated in the present arrangement?

MR. HOPE: The present arrangement merely provides that contributing pensioners shall be not to the extent requiring the payment of the actuarial deficiency for the administration of the scheme of this arrangement. It is very general and it is not stating that or providing as the proposed change.

PROFESSOR BRIDGES: Any other further suggestions?

MR. ROBERTS: I do not know, Mr. Chairman, whether this is the proper time, but I would like to put in this amendment. Those which such deficiency shall be contributed by the contributing pensioners and then covered by the contributing funds of all contributory pensions in addition to the general contributing six shares of the fund. So to be added in connection with such expected basis of contributions and also consideration of such deficiency a financial investment of the insurance, expenditures and operations of the general contributing be contributed to the contributing pensioners funds only.

PROFESSOR BRIDGES: Any comment on the amendment as suggested by Mr. Roberts?

MR. ATKIN: I really say, Mr. Chairman, I have been in doubt throughout all the day through due to the fact that the commission has been up a hundred and ninety is to be concerned. That is the limiting factor. It is going to see that that budget does give equal consideration all the way through.

MR. ROBERTS: I would like to say, Mr. Chairman, and, as I stated, this may not be the proper place to raise it, I believe at the same

time a report is made of the allotment and production of the processers that every processer in the belt should have a statement of receipts and expenditures or, if you please, a financial statement of our operations, and I favor that.

PRESIDING OFFICER COOK: Any further comment?

(No response.)

PRESIDING OFFICER COOK: If not, I will read Section 3.

(Section 3, on page 5 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any comments or questions on that section?

(No response.)

PRESIDING OFFICER COOK: Hearing none, we will read Section 4.

(Section 4, page 6 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any comments, questions, or amendments to the entire Article? (No response.) Article III of the license on page 21 is identical with the article just read.

Now, ladies and gentlemen, with your consent, we would like to pass over Article V for the present, due to the fact a great many computations are being made by the control committee and, in order that there may be a thorough understanding of the various forms which have been suggested in arranging the quotas, the control committee has been working night and day perfecting the different results which would be obtained by the various methods of setting quotas. They hope to be able to give a very broad synopsis of their finding tomorrow morning and with your consent we will pass over Article V until tomorrow morning and regardless of where we stop tonight we will go into the question covered by Article V of the agreement the first thing tomorrow morning, going through with that section until we are through with the Article.

We will now turn to page 12 of the agreement and take up Article VI, Reports and Investigation.

time a vitality in each of the alliance and production of the instruments that every movement in the unit should have a minimum of mobility and accomplishment or, if you please, a financial exchange of our opinions, and I have that.

PRESIDING OFFICER BOND: Any further comment?

(No response.)

PRESIDING OFFICER BOND: If not, I will read Article I.

(Article 1, on page 3 of the marketing agreement, was read.)

PRESIDING OFFICER BOND: Any comments or questions on that article?

(No response.)

PRESIDING OFFICER BOND: Having none, we will read Article 2.

(Article 2, page 3 of the marketing agreement, was read.)

PRESIDING OFFICER BOND: Any comments, questions, or suggestions to the article? (No response.) Article III of the agreement on page 3 is identical with the article just read.

Now, ladies and gentlemen, with your consent, we would like to pass over Article V for the present, as in the fact a great many questions are being made by the marketing committee, in order that there may be a thorough understanding of the various plans which have been suggested in arranging the pools. The marketing committee has been working night and day preparing the different marketing plans which will be submitted by the various methods of selling pools. They hope to be able to give a very broad program of their finding marketing and with that in mind we will pass over Article V until marketing matters and formulated of where we also hope to get in the Canadian market by Article V of the agreement the first thing tomorrow morning, going through with that article will be our course with the Article.

We will now turn to page 12 of the agreement and take up Article VI, Reports and Investigations.

MR. BRAUN: In order to relieve the chairman, he has asked me if I would read Article VI. I will read it section by section.

(Article VI - Reports and Investigation, Section 1, page 12 of the marketing agreement was read.)

PRESIDING OFFICER COOK: Any comments on section 1 or are there any amendments or questions?

(No response.)

PRESIDING OFFICER COOK: If not, proceed.

(Section 2, page 12 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments on that section?

(No response.)

PRESIDING OFFICER COOK: Are there any amendments to Section 3, I mean to Section 2?

(No response.)

PRESIDING OFFICER COOK: Section 3.

(Section 3, page 12 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any comments or questions?

(No response.)

(Section 4, page 12 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any comments?

(No response.)

(Section 5, page 12 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any questions or comments?

MR. SPEH: Mr. Chairman, I would like to ask Mr. Sher if "in such form" and the phrase "in such manner" means that the control committee may if they desire require this information under oath or in the form of a notarized statement. If it does, that is satisfactory. If it does not,

MR. SMALLEY: I'd prefer to retire the objection, so that noted as if I would read article II. I will read it motion by motion.

(Article II - Imports and Investigations, Section 1, page 12 of the marketing agreement was read.)

PRODUCER DELEGATE CHAIR: Any comments on section 1 or are there any amendments or questions?

(No response.)

PRODUCER DELEGATE SMALLEY: If not, proceed.

(Section 2, page 12 of the marketing agreement, was read.)

PRODUCER DELEGATE CHAIR: Are there any questions or comments on that section?

(No response.)

PROCESSOR DELEGATE CHAIR: Are there any amendments to Section 2.

I move to delete it.

(No response.)

PROCESSOR DELEGATE CHAIR: Section 3.

(Section 3, page 12 of the marketing agreement, was read.)

PRODUCER DELEGATE CHAIR: Are there any comments or questions?

(No response.)

(Section 4, page 12 of the marketing agreement, was read.)

PRODUCER DELEGATE CHAIR: Any comments?

(No response.)

(Section 5, page 12 of the marketing agreement, was read.)

PROCESSOR DELEGATE CHAIR: Any questions or comments?

MR. ATWI: Mr. Chairman, I would like to ask Mr. Chair if "is and" "does" and the phrase "is such manner" means that the original producing may if they choose receive this information under oath or in the form of a notarized statement. If it does, that is satisfactory. If it does not,

the control committee would like to have after the word "furnish" in the first line of Section 5, added the words "under oath if required."

PRESIDING OFFICER COOK: Any further comments or suggestions?

MR. REESE: I move to amend Section 5 of Article VI by adding at the conclusion of the section "but nothing in this section contained shall be construed to prohibit or prevent the control committee from making public the allotment made to the processors and/or producers."

PRESIDING OFFICER COOK: Any further questions or comments?

(No response.)

PRESIDING OFFICER COOK: If not, Section 6.

(Section 6, page 12 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any questions?

MR. REESE: Mr. Chairman, I offer an amendment to that section by adding after the word "investigation" in the third from the last line the words "and an opportunity to the alleged violator to be heard." That is in the seventh line.

PRESIDING OFFICER COOK: Any further amendments to the section?

MR. SHER: Mr. Reese, do you think that is necessary before a report is made to the Secretary of Agriculture on the violation?

MR. REESE: I do not imagine that the committee would make a report of an alleged violation to the secretary without giving the one charged with the violation an opportunity to be heard. It seems to me that ought to be insured because there may be nothing to the report.

MR. SHER: I was thinking of the other possibility. There may be the possibility where it would be desirable to have government investigators conduct an investigation at once without having the control committee go through the form of conducting the investigation. Your suggested amendment would probably prevent that.

the control committee would like to have after the word "Journal" in the first line of Section 3, added the words "under oath if required."

PRESIDING OFFICER COOK: Any further amendments or suggestions?

MR. WEIGEL: I move to amend Section 5 of Article VI by adding at the conclusion of the section "but nothing in this section contained shall be construed to prohibit or prevent the control committee from making public the allegations made to the processors and/or producers."

PRESIDING OFFICER COOK: Any further questions or comments?

(No response.)

PRESIDING OFFICER COOK: If not, Section 6.

(Section 6, page 12 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any questions?

MR. [illegible]: Mr. Chairman, I offer an amendment to that section by adding after the word "investigation" in the third from the last line the words "and as necessary to the alleged violator to be heard," that is in the seventh line.

PRESIDING OFFICER COOK: Any further amendments to the section?

MR. [illegible]: Mr. Chairman, is you view that is necessary before a report is made to the Secretary of Agriculture on the violation?

MR. WEIGEL: I do not imagine that the committee would make a report of an alleged violation to the Secretary without giving the one charged with the violation an opportunity to be heard. It seems to me that might be in general because there may be nothing to the report.

MR. [illegible]: I was thinking of the other possibility. There may be the possibility where it would be desirable to have preliminary information conducted or investigation at hand without having the general committee go through the form of conducting the investigation. Your suggestion would probably prevent that.

MR. BRESH: I wonder if I might think about that overnight, because I would not want to tie the hands of the committee and make it impossible for them to catch violators. I do not have that in mind at all. I just wanted to be sure I was fair to the alleged violator.

PRESIDING OFFICER COOK: I might say for the benefit of all, if there are any questions which may arise during the recess period of this hearing which you have overlooked in the sections we have covered, ample opportunity will be given after we have gone over all the sections which are to be covered and for general discussion of the agreement, to take up any little details and make a clean sweep of the entire proposal. The fact you are letting certain sections pass now does not do away with your right to bring up some question later on in the hearing. We will ask you however, to withhold those suggestions until we have completed the whole agreement.

Are there any other suggested amendments to that section?

(No response.)

PRESIDING OFFICER COOK: The corresponding articles in the license on pages 22 and 23 are practically identical, and, of course, the suggested amendments apply not only to the proposed agreement but also to the proposed amended license.

Are there any amendments to the entire article, or are there questions upon the entire article?

(No response.)

PRESIDING OFFICER COOK: If not, we will go to Article VIII, due to the fact that we have already covered Article VII, and if Mr. Braun will be kind enough to read, I will appreciate it.

(Article VII, Savannah Board of Trade and Jacksonville Chamber of Commerce, page 13 of the marketing agreement was read.)

PRESIDING OFFICER COOK: Are there any questions or comments or amendments on that article?

MR. MC INTOSH: On Article VIII - am I too late?

PRESIDING OFFICER COOK: No.

MR. MC INTOSH: I would like to amend article VIII in reference to the Savannah Board of Trade and Jacksonville Chamber of Commerce where it says: "The contracting processors severally agree that all gum turpentine and gum rosin which they may deliver to public warehouses for sale" and so forth. I would like to add the words "or factories" between "warehouses" and "for sale."

PRESIDING OFFICER COOK: Tell us why?

MR. MC INTOSH: Because it may be possible there are private warehouses and large amounts of this stuff may go to the ports and any factory by maintaining a private yard or warehouse might have his stuff put on that yard and sell it at a private sale and that would discriminate as against a man delivering to a public yard.

PRESIDING OFFICER COOK: Any further comments?

MR. SPEH: May I ask that the amendment offered by Mr. McIntosh be read again?

I did not catch it.

MR. MC INTOSH: In Article VIII, Savannah Board of Trade and Jacksonville Chamber of Commerce, I suggest an amendment in the second line after the words "public warehouses" insert "or factories."

PRESIDING OFFICER COOK: Did you hear the reasons for that?

MR. SPEH: Yes.

PRESIDING OFFICER COOK: Will you kindly read the corresponding article on page 31.

(Article VII - Sale over Savannah Board of Trade and Jacksonville Chamber of Commerce on page 31 of the marketing agreement, was read.)

PRESIDING OFFICER SMITH: Are there any questions or comments on that article?

MR. MC ZITCAK: On article VIII - on I can just

PRESIDING OFFICER SMITH: Yes.

MR. MC ZITCAK: I would like to read article VIII in reference to the General Board of Trade and Industrial Chamber of Commerce where it says: "The authorities concerned actually agree that all the interests and the trade union also they are willing to build warehouses for sale and so forth. I would like to add the words "or functions" between "warehouses" and "for sale."

PRESIDING OFFICER SMITH: Will no doubt

MR. MC ZITCAK: Because it may be possible some day private warehouse and large branch of this start but yet in the trade and industry by maintaining a certain point or warehouse which have his staff on that yard and that is of a private body and they could discriminate as against a non affiliation to a public body.

PRESIDING OFFICER SMITH: Any further comments?

MR. STEN: Yes I am from the Australian Mission to Mr. McCormack on that point.

I did not hear it.

MR. MC ZITCAK: In article VIII, General Board of Trade and Industrial Chamber of Commerce, I mean it somebody in the trade line after the words "public warehouse" insert "or functions."

PRESIDING OFFICER SMITH: Did you hear the minutes for Mr.

MR. STEN: Yes.

PRESIDING OFFICER SMITH: Will you start read the recommendation article on page 21.

(Article VII - That were General Board of Trade and Industrial Chamber of Commerce on page 21 of the minutes commencing, on line.)

PRESIDING OFFICER COOK: Of course, the amendment by Mr. McIntosh applies also to the corresponding article of the license.

MR. SHER: There is quite a distinction between those articles. Article VIII of the marketing agreement says that the control committee or the secretary may order this over the board of trade. Back of that also you have the fact that even though the control committee orders it, the secretary may disapprove of that action, but nevertheless, the effort can be originated by the control committee. If you go to the license, however, it is only when directed by the Secretary of Agriculture. The control committee has lost its power of initiative.

PRESIDING OFFICER COOK: You recommend what?

MR. SHER: The control committee recommends the wording as now contained in Article VIII of the marketing agreement, wherby the control committee may initiate such action, subject to the disapproval of the secretary. However, the secretary may still originate the action and then the control committee must carry it out.

PRESIDING OFFICER COOK: Any further comments or questions?

MR. SHER: Yes; I have a question. Mr. McIntosh, can you tell us how the relationship between the processors and factors works out so that the processor can control the factor requiring him to sell over the board of trade?

MR. MC INTOSH: How the processor can require the factor -

MR. SHER: Yes. The proposed amendment that you offered would require the processor to have the factor sell only over the board of trade.

MR. MC INTOSH: When he is so authorized or is so instructed by the committee or by the secretary.

MR. SHER: Yes, but does the processor have control over the

PRESIDING OFFICER VOGEL: Of course, the amendment by Mr. Malinski applies also to the discretionary authority of the Library.

MR. LOPEZ: There is within Article XVIII various types of authorities. Article VIII of the constitution expressly says that the control authorities of the Auditor may be exercised with respect to the Library of Congress. Does it mean that the Auditor can come into the Library of Congress and exercise the control authorities mentioned in Article VIII of the constitution? Or, shall we say, the control authorities may be exercised with respect to the Library of Congress, subject to the discretion of the Auditor? Therefore, the authority may be exercised within the limits and then the control authorities must accrue to him.

PRESIDING OFFICER VOGEL: Any further comments or questions?

MR. LOPEZ: Yes; I have a question. Mr. Chairman, can you tell us the relationship between the jurisdiction of Congress with respect to the Ombudsman and the fiscal autonomy of the Judiciary?

MR. DE JESUS: The Ombudsman can receive his salary.

MR. LOPEZ: Yes. The personal emoluments but you mentioned that the Ombudsman is here the Public will call upon the Board of Trade.

MR. DE JESUS: This is in relation to in-no disregard to the condition of the Judiciary.

MR. LOPEZ: Yes, but then the Congress will control over the

factor to an extent that he can compel the factor to sell over the board of trade?

MR. MC INTOSH: That is set up in the marketing agreement. It is not a right, as I understand it, that the processor would ordinarily have, but it is set up in the marketing agreement --

MR. SHER: You do not get my point. If you will tell us something about the relationship between the factor and the processor, it might clear it up. Does the factor act as sales agent for the processor and does the processor have control over the actions of the factor?

MR. MC INTOSH: Practically all of the stuff moving to ports is consigned to factors by processors, the factor acting as his sales agent. In addition to other capacities he acts for the processor. I do not know what the local aspect of the question might be. There are a great many contracts existing between factors and processors, in which the factor is only required to sell those receipts to the best advantage and place the proceeds to the credit of or pay the processor for them. There is nothing in any contract existing that I know of that incorporates any provision allowing or authorizing the processor by agreement or otherwise to tell the factor how he must sell those goods. On the other hand, any relation that exists between them in the ordinary course of business, I cannot conceive of any situation where a factor would ignore the processors request to sell his goods in the manner that the processor desired. There is no contractural relationship that I know of existing that would force him to do so. Does that answer the question?

MR. SHER: Yes.

PRESIDING OFFICER COOK: If there are no further questions or comments, read Article IX of the license.

factor to use against him by you could the Jurors to pull over the
hand of trust?

MR. DE LACEY: That is not up in the morning newspaper. It
is not a right, as I understand it, that the prosecutor could unlawfully
have, but it is not up in the morning newspaper --

MR. DUNN: You do not get my point. If you will tell me something
about the relationship between the Jurors and the prosecutor, it might
clear it up. Does the Jurors get an extra award for the prosecutor
when the prosecutor has control over the actions of the Jurors?

MR. DE LACEY: Practically all of the money serving in juror is
contingent to factors by prosecutors, the Jurors motion on his salary
award. In addition to other essentials he gets for the process. I
do not know what the local system of the counties might be. There are
a great many criminals entering between jurors and prosecutors, in
which the Jurors is only required to pull their results to the book
adventure and place the records to the credit of or by the prosecutor
for him. There is nothing in my contract relating that I know of that
incarceration may prevailing allowing or interfering the prosecutor by
agreement or otherwise to pull the Jurors but is not pull three points,
on the other hand, any relation that arises between them in the ordinary
course of business, I cannot promise of my knowledge there a Jurors
would ignore the prosecutors request to pull his credit in the manner that
the prosecutor desires. There is no contractual individually who I
know of certain that would order him to do so. Does that answer the
question?

MR. DUNN: Yes.

PROFESSOR DUNN CONT: If there are no further questions or
comments, meet inside C of the Library.

(Article IX - Licensing, page 13 of the marketing agreement was read.)

PRESIDING OFFICER COOK: Are there any amendments, suggestions, or comments?

MR. SPEH: Mr. Chairman, in Article IX, line 4, make it read: "Provided such licenses extend to all processors of gum turpentine, gum rosin, crude gum, and cleaned gum, and all competing turpentine and rosin."

PRESIDING OFFICER COOK: Give us a reason for that amendment.

MR. SPEH: The fact this license is being extended or has been extended to cleaned gum, in order that there may be no misunderstanding in the marketing agreement that the contracting processors recognize that the other competing commodities will be recognized.

MR. RIVES: Would you mind asking Mr. Speh why he put crude gum in that particular place?

MR. SPEH: We have a definition there of processing which means the shrinking of crude gum in any manner.

MR. RIVES: This, then, applies only to processing, is that the idea?

MR. SPEH: Yes.

PRESIDING OFFICER COOK: Are there any further questions or comments?

(No response.)

PRESIDING OFFICER COOK: If not, we will read Article X, page 13.

(Article X - Effective Time and Termination, Section 1, subparagraphs 1, 2, 3, and 4, pages 13 and 14, were read.)

PRESIDING OFFICER COOK: Are there any questions on the article? Are there any amendments?

(Article II - Violations. Note 12 of the preceding amendment was read.)

PRESIDING OFFICER SMITH: Are there any amendments, suggestions, or comments?

MR. WOOD: Mr. Chairman, in Article II, line 6, make it read: "Violent and lawless action is all instances of gun carrying, gun fight, drive gun, or violent gun, and all involving hyperbolic and vivid."

PRESIDING OFFICER SMITH: Give us a reason for that amendment.

MR. WOOD: The word gun-fighting is being misused or has been extended to illegal use. In order that there may be no misunderstanding in the matter of somebody that the carrying pressure weapons that the mere carrying somewhat will be prohibited.

MR. MYERS: What is the word gun-fighting Mr. Chairman mean in this particular place?

MR. WOOD: We have a particular place of fighting going down the drinking of drink gun in any manner.

MR. MYERS: This, then, applies only to pressures, is what the idea?

MR. WOOD: Yes.

PRESIDING OFFICER SMITH: Are there any further questions or comments?

[No response.]

PRESIDING OFFICER SMITH: If not, we will read Article I, page 1.

(Article I - Effective Time and Termination, Section 1, subparagraphs 1, 2, 3, and 4, page 1 and 1a, were read.)

PRESIDING OFFICER SMITH: Does the questions on the article are there any amendments?

MR. WILSON: May I ask a question?

PRESIDING OFFICER COOK: Mr. Wilson.

MR. WILSON: On page 13, Article X. I want to get the meaning. The secretary has the right to cancel the license as to any one party at his pleasure on one day's notice; is that right?

PRESIDING OFFICER COOK: The secretary may terminate the agreement.

MR. WILSON: As to any one party?

PRESIDING OFFICER COOK: That is right. The purpose of that is if the party would violate the license it would not do to have him remain as a party signatory to the agreement. It would be necessary to terminate the license as to that party, even though the agreement remained in effect as to everybody else. The provision is in the Act itself. It authorizes the secretary to terminate a license at any time he finds a licensee is violating any of its terms or provisions.

I would like to explain something there. Before any man's license is revoked, the regulations of the Department as signed by the secretary and the President require that they should be given a hearing. Those hearings are held by the department and ample opportunity is given to the suspected violator to present evidence or show cause why his license should not be revoked. After a proper hearing opportunity in every way to present his case, either by himself or through counsel, if it is found he has wilfully violated the license in such a manner that his license should be revoked, the secretary can revoke the license. Then, of course, if his license is revoked he would not receive any of the benefits under the marketing agreement. He would be prohibited from carrying on the line of business until he was reinstated. In case he should proceed to do business he is then subject to the penalties as provided under the Act. Does that clear the matter up?

MR. KILGORE: May I make a question?

PRESIDING OFFICER (MR. [illegible]): Mr. Kilgore.

MR. KILGORE: On page 14, Article I, I want to put the question. The secretary has the right to cancel the license as to any one party at his pleasure on the party's failure, is that right?

PRESIDING OFFICER (MR. [illegible]): The secretary may terminate the agreement.

MR. KILGORE: As to any one party?

PRESIDING OFFICER (MR. [illegible]): That is right. The purpose of that is if the party would violate the license it would not do to have him remain as a party adversely to the agreement. It would be necessary to terminate the license as to that party, even though the agreement continued in effect as to everybody else. The provision is in the act itself. It authorizes the secretary to terminate a license at any time he finds a license violation on of its terms or provisions.

I would like to explain something there. Before any person's license is revoked, the regulations of the Department as signed by the secretary and the President provide that they should be given a hearing. Those hearings are held by the Department and quite opportunity is given to the accused violator to present evidence to show cause why his license should not be revoked. After a proper hearing opportunity is every day to present his case, either by himself or through counsel, if it is found he has wilfully violated the license in such a manner that his license should be revoked, the secretary can revoke the license. Then, of course, if his license is revoked he could not receive any of the benefits under the agreement. He would be prohibited from carrying on the line of business until he was reinstated. In case he should proceed to do business in a than subject to the penalties as provided under the Act. Does that clear the matter any

MR. WILSON: Yes.

PRESIDING OFFICER COOK: Do you have a question, Mr. McIntosh:

MR. MC INTOSH: Under Article X, paragraph 1, or Section 1, it says "The secretary at any time may terminate this agreement or any provision contained herein as to all parties thereto by giving at least one day's notice by means of a press release or in any other manner which the secretary may determine. It is stated elsewhere, under Article IX, that each contracting processor hereby applies for and consents to licensing by the secretary pursuant to the Act, subject to terms and conditions designed to promote the purposes of this agreement and the policy of the Act, provided such licenses extend to all processors of gum turpentine and gum rosin and all competing turpentine and rosin."

Under that power which the secretary has under Article X to terminate this agreement or any provision contained therein, could the secretary terminate this agreement so far as that provision under Article IX is concerned, which provides licensing competing turpentine and rosin?

MR. SHER: I suppose not if he wanted to be technical. Do you think we ought to leave out the words "or any provision contained therein?"

MR. MC INTOSH: It is a question. In several agreements I have seen, a question has arisen in my mind, not that I think it is vitally important or that such a state of facts is liable to occur, but still it would be interesting to have it clarified.

MR. REESE: May I ask a question, Mr. Sher?

MR. SHER: Yes.

MR. REESE: I am wondering if subsection 2, Section 1, Article X, might be construed as giving any party signatory to the agreement the right to cancel at any time?

MR. SHER: I think not. I think that right is strictly with the secretary under that language.

MR. KILGORE: Yes.

PRESIDING OFFICER (MR. [illegible]): If you have a question, Mr. McCormick;

MR. MC CORMICK: Under Article 3, paragraph 1, it says "Any authority or any item may terminate this agreement by any previous written notice to all parties thereto or clause at least one month in advance by means of a joint resolution or in any other manner which the authority may determine. It is total nonsense, under Article XI, that such workers'compensation payments shall be in excess of the monetary benefits in the law, which is taken and modified to provide the purpose of this agreement and the policy of the law, providing that liability shall be all provisions of the Longshoreman and Harbor Workers and all amending legislation and laws.

Under that part with the monetary benefits which Article 3 terminates this agreement by any previous written notice, with the monetary benefits that agreement so far as that provision which Article XI is concerned, with provides liability under the Longshoreman and Harbor

MR. [illegible]: I suppose you if he wanted to be facetious. In the light we must to have our law says "or any provision notwithstanding"

MR. MC CORMICK: It is a question. In general conversation I have seen, a question has arisen in my mind, for that I think it is vitally important as that such a state of facts is likely to occur, but still it could be interpreting it more in writing.

MR. TRUMAN: May I ask a question, Mr. Chairman

MR. [illegible]: Yes.

MR. [illegible]: I am wondering if subparagraph 3, Section 3, [illegible] might be construed as giving any local legislation in the [illegible] right to amend at any time.

MR. [illegible]: I think so. I think that right is probably with the secretary under the language.

MR. REESE: Yes, I know, under the language it is, but under the law of contracts we have to have reciprocal obligations and rights, if this is viewed as a contract. It just occurs to me that that language there might support the proposition that since the secretary has the right to terminate at any time upon his option, then, any party signatory would have the right at any time to terminate upon his own option. Mr. Chairman, I do not offer this as an amendment, but just for your consideration. I am wondering if it might not be better to make that section read substantially in this way: At any time upon revocation of the license of any party signatory hereto, as provided in the Act, such party will automatically be dropped as a member or as a party signatory to this agreement. I just suggest that for your consideration.

PRESIDING OFFICER COOK: Any further questions or comments?

(No response.)

PRESIDING OFFICER COOK: If not, Section 2.

(Section 2, page 14 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments on Section 2 of the Article?

(No response.)

PRESIDING OFFICER COOK: If not, section 3.

(Section 3, page 14 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments on the entire Article X?

(No response.)

PRESIDING OFFICER COOK: Article XI.

(Article XI -- Duration of Immuties, page 14 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments?

(No response.)

PRESIDING OFFICER COOK: Article XII.

(Article XII -- Anti Trust Laws, page 14, of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions or comments?

(No response.)

PRESIDING OFFICER COOK: Article XIII, page 15.

(Article XIII - Derogation, page 15 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions on that Article?

(No response.)

PRESIDING OFFICER COOK: Article XIV -- Agents.

(Article XIV -- Agents, page 15 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any questions?

(No response.)

(Article XV -- Amendments, page 15 of the marketing agreement, was read.)

MR. SPEH: This evidently comes under some other agreement. You probably mean contracting processor.

PRESIDING OFFICER COOK: All right. Section 2.

MR. REESE: May I offer an amendment to Section 1?

MR. SHER: I think, Mr. Reese, this whole article is really part of one subject.

PRESIDING OFFICER COOK: Section 2.

(Sections 2 and 3 of Article XV, page 15, of the marketing agreement was read.)

PRESIDING OFFICER COOK: Are there any amendments to any of the sections of the Article?

MR. REESE: Mr. Chairman, I offer to amend Section 1 by inserting in line 1 after the words "whenever the" the words "secretary or the" and in line 2 by striking the word "it" and substituting the words "control committee" so that as amended the section will read "whenever the secretary or the control committee deems it desirable to amend this agreement, the control committee shall give notice of such proposed amendment" and so forth. I think, Mr. Chairman, that the secretary ought to have an equal right with the control committee to propose amendments. I believe that there will not be any serious opposition to that suggestion.

MR. SHER: Mr. Reese, what do you think of the percentage that is mentioned in Section 2; that is, 50 percent of the contracting processors? Do you think the percentage should be higher?

MR. REESE: Mr. Sher, I think the provision as it stands is all right. As I understand the proposition, it means at least 50 percent in number, representing 50 percent in production, will have to approve an amendment which in turn will have to be approved by the secretary before it is made.

The secretary stands, under my conception of this agreement, as one party to it. It means that all of one side and more than half of the other side must agree to amend before the amendment can be made effective, and even then it is safeguarded with reference to a public hearing in the event the subject matter of the proposed amendment is not covered by this or some other public hearing. It seems to me that is very fair and makes the agreement much more workable than the present agreement.

MR. SPEH: Referring to Section 2, Article XV, we suggest striking the words in line 1 "of a majority of" and the first one in line 2 "the",

Mr. [illegible]: Mr. Chairman, I offer to amend section 1 by inserting in line 1 after the words "whenever the" the words "secretary or the" and in line 1 by striking the word "1%" and substituting the words "[illegible]" [illegible] section will read "whenever the secretary or the [illegible] committee deems it desirable to meet this [illegible], the [illegible] committee shall give notice of such proposed [illegible] and so forth." I think, Mr. Chairman, that the secretary ought to have an equal right with the [illegible] committee to propose amendments. I believe that there will not be any serious opposition to that amendment.

Mr. [illegible]: Mr. Chairman, what do you think of the percentage that is mentioned in section 2; that is, 50 percent of the contracting producers? Do you think the percentage should be higher?

Mr. [illegible]: Yes, I think the percentage is [illegible] right. As I mentioned the proposition, it needs at least 50 percent in number, representing 50 percent in production, will have to approve an amendment which in turn will have to be approved by the secretary before it is made.

The marketing agreement, under my conception of this agreement, is not binding on it. It means that all of one milk and more than half of the other milk must agree to amend before the amendment can be made effective, and even then it is accompanied with reference to a public hearing in the event the [illegible] notice of the proposed amendment is not observed by this or even other public hearing. It seems to me that is very fair and makes the agreement much more workable than the present agreement.

Mr. [illegible]: Referring to section 2, Article XV, we suggest striking the words in line 1 "of a majority of" and the first one in line 4 "the".

and making it then read: "Upon securing the written approval of contracting processors who process more than 50 percent."

One explanation might be offered that an interpretation of the way it now stands is a majority of the contracting processors who process more than 50 percent. In other words, a group of processors who process 50 percent, a majority of them. I do not know how many that would be. That could be a very small percentage of the total volume of production, so that it does not mean half of the producers at all. We are offering that as an explanation. This is ambiguous as it stands, and together with that explanation we suggest the amendment which I have outlined.

MR. RIVES: Reading how?

MR. STEH: Upon securing the written approval of contracting processors who process more than 50 percent, and so forth.

MR. SHER: Your point is well taken. This language is not very good. The intent was to have a majority by number and volume. Your suggestion is to have more than 50 percent of the volume and not 50 percent of the members?

MR. STEH: The amendment was just in keeping with the whole system of holding up the marketing agreement, namely, by volume.

MR. SHER: Let us have some comment on that suggestion.

PRESIDING OFFICER COOK: Could we hear from some one else as to whether you feel the number as well as the volume should be considered in the amendment.

MR. BOOTH: Mr. Chairman, I believe it ought to remain in there as it is. It is perhaps a bit ambiguous, but it seems to me that the intent is to secure a majority of the contracting processors, and, of course,

that majority must process or control 50 percent of the production. I believe it is entirely fair, feasible, and reasonable and right to leave it in there. Human equation and interest has something to do with its operation after all, and that would require a majority of the operators or processors, if we might use the term, and then if that majority happened to produce or process less than a majority of the production, they would not be able to carry. On the other hand, it is entirely possible for a very small minority of the processors to control a majority of the production. I believe it is, if not well stated, the intent and the purpose is good and that it can be cured by merely stating that it must be by a majority of the processors who may be required, of course, to process a majority of the production.

MR. SHER: Mr. Booth, do you think that should also apply to the section on termination on page 14, Section 3? It says there that the secretary shall terminate this agreement upon the request of 67 percent of the contracting processors, such percentage to be measured by the volume of gum turpentine and gum rosin marketed or distributed. That takes into consideration only volume when it comes to termination. Do you think we ought to use both volume and number or should you have both the same?

MR. BOOTH: I think we should use both volume and number. Number should come first and this for the same reason as stated in the other proposition.

MR. PEESE: I would like to know how many concerns would compose 50 percent of the volume of production? How many would that be?

MR. SPEH: I have not those figures.

PRESIDING OFFICER COOK: Approximately what percentage would control the volume?

MR. SPEH: I would not venture a guess. We have the information from which that could be compiled in the office.

PRESIDING OFFICER COOK: Could you have that for us tomorrow?

MR. SPEH: Yes.

MR. SHER: How many contracting processors are there by number?

MR. SPEH: 2,193, this year, if I remember correctly. I believe that is the number of contracting - no, I do not know the number of contracting processors.

PRESIDING OFFICER COOK: That is the total number of processors?

MR. SPEH: That is the total number of processors.

MR. RIVES: Would you get the secretary of the control committee to give us the information as to how many contracting processors could control?

PRESIDING OFFICER COOK: Will you try and obtain that for us?

MR. SPEH: Yes.

MR. RIVES: The least number who would control 50 percent.

MR. SPEH: That will take several hours to compile. I will not promise to have it available immediately, but it will be available for the record within the 10-day period.

MR. BRAUN: I would like to point out that that would require ranking them all from the lowest to the largest, then, finding out the number.

MR. RIVES: For instance, there might be 25 who could control 50 percent of the production. If so, I would like to know. I think it would be very interesting to everybody. That is what I had in mind and I do not believe that would take so long.

MR. BRAUN: Unless that is compiled now, I would say from a

statistical standpoint, it would be rather difficult to burn the midnight oil long enough to compile that as you want it answered, if it is not already compiled, between now and tomorrow morning.

MR. RIVES: Sometimes it is necessary to burn the midnight oil. All of us do it and I do not believe they would mind it.

MR. FANT: That thing is so highly important that I do think we ought to have the information at these deliberations. Personally, I would like to go on record not only as favoring the present method as outlined in here requiring a majority of the personnel, so to speak, as well as the volume, not only on this but also on termination and also on the election of the control committee.

MR. BRAUN: Mr. Chairman, I do not want to be misunderstood on that. I think the request is perfectly in order. I was just injecting the fact it is a thing that could not be compiled in a short time if it has not already been done.

MR. RIVES: I know you know so much more than I do about this thing, but I do believe Mr. Speh will not mind getting this information up because it will be so very interesting to everybody.

MR. SPEH: I have promised to get it up, but I am afraid I am going to have to refuse to get this information by tomorrow morning. We have been working every night, accumulating data on Article V, and we cannot possibly promise to have that tomorrow morning. I reserve the right to give it to you just as fast as I can, but as Mr. Braun says, it means listing these people in an ascending or descending scale of production, and then adding them up until you come to one-half. That means taking the 2,193 members and rearranging them all in their order of production and I cannot promise to do it by that time.

statistical analysis, it would be rather difficult to have the minister all look up-to-date to analyze that aspect if requested. It is in an already tabulated, informed form and therefore available.

MR. BOYCE: Sometimes it is necessary to pair the minister off. All of us do it and I do not believe you could affect it.

MR. MOORE: Then only in an emergency situation did I do this so as to save the information at those deliberations. Personally, I would like to go on record not only as thinking the present system as outlined is here providing a majority of the personnel, as it stands, as well as the public, but only to say how all of involving and also on the minister of the Labour committee.

MR. BOYCE: Mr. chairman, I do not want to be misinterpreted on that. I raise the question to primarily in order. I am just impressed the fact it is a thing that would not be required in a short time if it has not already been done.

MR. BOYCE: I know you have to work part that I do about this point, but I do believe Mr. that will be also getting the information by passing it will be of most interest to everybody.

MR. LEWIS: I have presumed to not it by, but I am afraid I am going to have to return to put this information by tomorrow morning. We have been sitting every night, necessitating been in Ottawa V, and we cannot possibly continue to have this pressure imposed. I believe the right to give it to you be that as I see, but as it, then may, it seems likely that people in as committee or therefore made of practice, and then that to look at until you come to conclusion. That means taking the 8,000 members and discussing them all in clear view of publicity and I think publicity is as it is in this room.

PRESIDING OFFICER COOK: At least, you can have that during the brief filing period and that information may be obtained generally by the members of the industry by inquiry.

MR. SMITH: I promise to send Mr. Rives a statement of that just as soon as it is finished.

PRESIDING OFFICER COOK: And the rest of you could obtain it by application to the control committee.

MR. FAWT: Mr. Chairman, if I may clarify something here, I do not mean this exact provision should be used with reference to selecting a control committee, but I think that some type of combination system should be worked out, not necessarily this at all.

MR. BOOTH: Mr. Chairman, I should just like to add to my statement with reference to the termination of this particular paragraph and the one back in 14 with reference to the adoption that it also apply to the election of the control committee and all questions of determination in which the processors are involved. I might add an observation that I see no reason why we should delay the proposition by waiting for a statement. A statement would be interesting, but on a vote of that kind or of that character first, there would be a determination of the majority of the processors, then the next thing would be to determine the processors voting for or against, what their production was and whether or not that production was a majority of the production. It may be possible that we might have a majority of the processors for or against a proposition and yet be defeated by lack of majority of production, but when we combine the two methods we certainly have a better expression and a more representative vote and one that would be much more satisfactory.

PRESIDING OFFICER COOK: Are there any further comments?

(No response.)

MODERATOR [illegible] GUEST: Is Jesus, the one who very early during the Spiral crisis period was that intervention on behalf of workers supported by the members of the industry by labour.

MR. JONES: I question to send up. Never a statement of that just as soon as it is finished.

MODERATOR [illegible] GUEST: And the most of you would agree it is applicable to the second industry.

MR. JONES: Mr. Chairman, if I may clarify something here, I do not mean this about investors should be used with reference to supporting a guaranteed annuities, but I think that some type of protection should be needed not, and desirability also as well.

MR. DOUGH: Mr. Chairman, I would just like to make my statement with reference to the formulation of this particular paragraph and the one that is left with reference to the adoption when it also deals with the election of the annual committee and all questions of subscription in which the directors are involved. I might add as observation that I can be prepared not to actual delay the proceedings by making the a statement. A statement would be interesting, but in a view of what that is of some substance that, there would be a determination of the majority of the members, then the next thing would be to determine the questions which for or against, that their re-election was and whether or not that determination was a majority of the proceedings. It may be possible that we might have a majority of one percentage for or against a proposition and not be determined by lack of majority in proceedings, but even in counting the [illegible] certainly have a lower percentage and a more determinative vote, and we think would be much more satisfactory.

MODERATOR [illegible] GUEST: Are there any further questions?

The [illegible].

PRESIDING OFFICER COOK: If not, Article XVI.

(Article XVI - Counterparts, page 15 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any comments?

(No response.)

PRESIDING OFFICER COOK: Article XVII, Additional Parties.

(Article XVII - Additional Parties, pages 15 and 16 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any comments?

(No response.)

PRESIDING OFFICER COOK: Article XVIII.

(Article XVIII - Separability, page 16 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Are there any comments?

(No response.)

PRESIDING OFFICER COOK: Article XIX.

(Article XIX - Signature of Parties, page 16 of the marketing agreement, was read.)

PRESIDING OFFICER COOK: Any comments?

(No response.)

PRESIDING OFFICER COOK: Gentlemen, tomorrow morning we hope to be able, and, of course, we will have to, take up Article V on the question of allotment.

MR. SMITH: Mr. Chairman, you read the marketing agreement. Article VIII of the license remains. It will only take a minute for you to state these various sections will be covered by the Articles in the marketing agreement and that will entirely clear up the matter.

PRESIDING OFFICER COOK: The very sections of the --

MR. SPEH: Excepting that Section 4 there -- I am wondering if you want to do that, if you want to cover the same thing, so we will have completed this and will devote the entire time tomorrow to Article V. I thought probably you might have overlooked it, or the fact that there was something remaining in the license. It will not take very long. It is on page 31.

PRESIDING OFFICER COOK: Page 31, Article VIII, Miscellaneous. We will read that so that if there are any questions or differences they may be cleared up.

(Article VIII - Miscellaneous, page 31 of the marketing agreement, including Sections 1, 2, 3, 4, and 5, were read.)

PRESIDING OFFICER COOK: The last paragraph on page 22 covers the effective date and the signature of the various parties.

MR. SPEH: One more thing. On page 33, Exhibit A, Article VI, does that constitute a part of this whole set-up?

MR. WARD: It is put in there by reference.

MR. SPEH: The only thing I want to call your attention to is Article III on page 2 is entirely incorrect. In other words, this is copied from some old document of some kind.

MR. SHER: You are right.

MR. WARD: That is on page 35?

MR. MEESE: Mr. Chairman, the point Mr. Speh raises is one I had expected to ask about before the conclusion of the session today. I notice that the advisory committee provided by the existing agreement is not incorporated in the proposed new agreement. I was wondering if that was inadvertent or intentional.

MR. SHER: That was inadvertent.

MR. SPEN: Mr. Chairman, we interpreted that the power to the new control committee, page 4, Section 2, paragraph (d) was to appoint and define the duties of additional committees. I thought that was probably what you were having substituted there, that the control committee were empowered to appoint committees, by its own membership, and, of course, all the acts of the committee to be subject to the disapproval of the secretary. That would be practically giving his approval. I thought that probably was done intentionally so as to have the set-up this way. That is the reason I asked that question this morning.

MR. SHER: No. That was not intentional. There was no intention to eliminate the provision about the advisory committee. It was just an oversight.

MR. GAILANOE: Would it be the consensus of opinion of the control committee that they should have this Section (h) on page 34 incorporated as a part of Article III?

MR. SPEN: Frankly, gentlemen, I cannot speak for the control committee other than the discussion which has arisen within the control committee. We have not yet had an advisory committee appointed. There has never been an official advisory committee declared or council declared and we feel, with all due respect to the secretary, we could have done a better job appointing one by this time.

PRESIDING OFFICER COOK: Anything further?

MR. MC INTOSH: May I impose upon you a little further. I want to refer again, if I may, to Article IX.

PRESIDING OFFICER COOK: What page?

MR. WEST: Mr. Chairman, I understand that the power to the [illegible] committee, page 4, Section 9, paragraph (A) was to amend and delete the duties of additional committees. I thought that was probably what you were trying [illegible] Now, [illegible] committees were required in special committees, by law can [illegible] and, of course, all the acts of the committee to be subject to the disapproval of the secretary. That could be practically [illegible] approved. I thought that probably was what intentionally we do to have the entire bill [illegible]. That is the reason I asked that question this morning.

MR. [illegible] MR. That was not intentional. There was no intention to eliminate the provision about the advisory committee. It was just an oversight.

MR. [illegible] Would it be the consensus of opinion of the committee that that should have that section (A) on page 34 incorporated in a form of [illegible]

MR. [illegible] Chairman, I [illegible] the [illegible] committee after that the discussion [illegible] committee. [illegible] the same [illegible] committees [illegible] and so forth, with [illegible] to the secretary, we could have done a better job [illegible] in all [illegible].

[illegible] MR. [illegible] MR. I believe that [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

MR. MC INTOSH: It is on page 13. I offer an amendment to that Article IX by adding thereto "And that the same basis be used in computing the quotas of all processors of gum turpentine, and gum rosin, and all competing turpentine and rosin."

PRESIDING OFFICER COOK: Any comments or special reasons for that which you want to give?

MR. SHER: What are you getting at?

MR. MC INTOSH: I want personally the same basis used in computing the quotas for competing turpentine and rosin. For instance, I would like to see the percentages figured for competing turpentine and rosin on the same basis as the gum processor is figured on; in other words, if the gum processor finally is confronted with the necessity of operating on about 70 percent of his four year average, I would like to see any competing turpentine or rosin forced to confine themselves to the same basis of production.

MR. SHER: Do you think that should be a condition of the consent and license?

MR. MC INTOSH: I am not thinking, but it is written into the agreement at the present time and that article reads as follows:

"Each contracting processor hereby applies for and consents to licensing by the secretary, pursuant to the Act, subject to terms and conditions designated to promote the purposes of this agreement and the policy of the Act, provided such licenses extend to all processors of gum turpentine and gum rosin and all competing turpentines and rosins."

While, I understand that they generally mean the same or nearly the same, it does not mean identical, I would like to assure myself that competing turpentine and rosin are going to be figured on the same basis as to percentages

MR. MC DANIEL: It is an duty is. I refer to paragraph 6a that
states "If any action taken that you deem meets a need in helping
the people to get indications of good temperament, and you state, and all
concerned approved and value."

Reading continue (cont) Are members of Jewish Studies for that
which you want to grant

MR. BLOOM: What are you getting at?

MR. MC DANIEL: I was personally for some time involved in obtain-
ing the funds for building auditorium and stage. For instance, I would
like to see the Jewish Studies Fund for supporting temperaments and funds on
the same basis as the gen treasurer is directed to. In other words, if the
gen treasurer finally is satisfied with the necessity of spending on
about 70 percent of his time over personal, I would like to see any support-
ing organizations or funds turned to another temperament in the same basis of
priorities.

MR. BOTH: Do you think that should be a condition of the Jewish
and library

MR. MC DANIEL: I am not satisfied, but it is written into the Lib-
rary of the Jewish Club and that action taken in Indiana.

That constitutes otherwise large results the and expenses to
illustrate by the increase, increase in the gift, return to teams and com-
mittees designated to promote the purpose of this organization and the policy
of the act, provided some increase action in all programs in gen temperaments
and gen funds and all supporting temperaments and funds.

MRS. I understand that they eventually will the same of study the
same, if there can meet therefore. I would like to suggest that concerning
temperaments and funds are going to be stopped in the gen funds as to temperaments

of production and so forth. You see, I am not attempting to write something or suggest an amendment to be written into the marketing agreement in whole. It is only you may say clarifying that meaning of such in this particular instance.

PRESIDING OFFICER COOK: If there is nothing further, we will adjourn until 9:30 tomorrow morning.

(Whereupon, at 5:15 o'clock, p.m., an adjournment was taken until 9:30 o'clock a.m., of the following day, Tuesday, November 27, 1934.)

BEFORE THE SECRETARY OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION.

IN RE: HEARING WITH REFERENCE TO A PROPOSED MARKETING AGREEMENT FOR GUM-TURPENTINE AND GUM-ROSIN PROCESSORS.

Docket No. MA-250-L-28

The proposed marketing agreement for gum-turpentine and gum-rosin processors, the proposed amended license for gum-turpentine and gum-rosin processors, and the suggested Amendment to basis of allotment contained in proposed marketing agreement and proposed amended license for processors of gum-turpentine and gum-rosin, in their present form are proposed as the basis of a public hearing for the above-mentioned industry, and one of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.

Second Day

Jacksonville, Florida

Gum Turpentine and Gum Rosin Processors.

Mayflower Hotel

Jacksonville, Florida,

Tuesday, November 27, 1934.

[illegible]

The hearing in the above-entitled matter came on before the Secretary of Agriculture, Agricultural Adjustment Administration, at 9:30 o'clock, a.m.

PRESENT:

HARRY G. COOK, Presiding Officer.

JAY WARD, representing the Secretary of Agriculture.

ROBERT SHER, Attorney, Legal Division, Agricultural Adjustment Administration.

E. W. BRAUN, Senior Agricultural Economist, Agricultural Adjustment Administration.

T. A. SULLIVAN, Assistant Hearing Clerk.

E. W. HADLEY, Forest Code Examiner, U. S. Forest Service.

EDWARD E. GALLEHUE, Consumers' Counsel, Agricultural Adjustment Administration, Department of Agriculture.

AUSTIN CARY, Lake City, Florida, representing U. S. Forest Service.

The meeting in the conference-training center was in charge
the Director of Operations, Agricultural Extension Administration,
at 9:30 o'clock, a.m.

Present:

Robert E. Cole, Presiding officer.

Jay Lund, representing the Director of Operations.

Victor Hunt, Director, Legal Division, Agricultural
Adjustment Administration.

J. A. Brown, Senior Agricultural Economist, Agricultural
Adjustment Administration.

J. L. Phillips, Land-Use Planning Staff.

H. T. Miller, Farmer Cooperative Service, U. S. Forest Service.

Robert E. Williams, Farmers' Counsel, Agricultural
Adjustment Administration, Department of Agriculture.

Lorenzo Hart, Lake City, Florida, representing U. S. Forest
Service.

THOMAS I. AYCOCK, Jacksonville, Florida, representing Aycock Lindsey Corporation, Shamrock, Florida.

W. J. BARLOW, Douglas, Georgia, representing W. J. Barlow and Barlow Company.

R. E. BENEDICT, Brunswick, Florida, representing Brunswick Peninsula Company, Brunswick, Georgia.

S. H. BERG, P. O. Box 1287, Jacksonville, Florida, representing Peninsular Naval Stores Company, Jacksonville, Florida.

W. S. BOOTH, Manor, Georgia, representing The Manor Trading Company, W. S. Booth and B. H. Still, Manor, Georgia.

T. S. BOYKIN, State Line, Mississippi, representing Boykin and Son, State Line, Mississippi, T. J. Bailey, N. E. Lucas, S. J. Wilkins, State Line, Mississippi, W. A. Mozingo, Waynesboro, Mississippi, J. O. Bunch, Clara, Mississippi, Mills and Jones, Bucatuna, Mississippi, J. A. Scorbonaugh, Yellow Pine, Alabama, C. D. Scott and Company, Yellow Pine, Alabama, J. L. Jordan, Chateau, Alabama, J. G. Mills, Chateau, Alabama, G. W. Hurst, Chateau, Alabama, F. E. Bumpers, Cortelyou, Alabama, W. M. Turner, Burbank, Alabama, Cleve Prine, Citronville, Alabama, and J. F. Tetter, Burbank, Alabama.

T. S. BOYKIN, State Line, Mississippi, Boykin and Son, et al, State Line, Mississippi.

A. L. BROGDEN, 1420 Barnett National Bank Building, Jacksonville, Florida, representing Adamson and Company, Inc., Day, Florida and Cropps Turpentine Company, Hines, Florida.

A. F. BULLARD, De Funiak Springs, Florida.

[illegible] L. [illegible], Jacksonville, Florida, representing Great Lakes Carpet Corporation, Chicago, Illinois.

[illegible] A. [illegible], Orlando, Florida, representing L. C. Hughes and Sons Carpet Company.

[illegible] E. [illegible], Orlando, Florida, representing Southern Textile Company, Brooklyn, New York.

[illegible] H. Wood, W. C. Van Lear, Jacksonville, Florida, representing Metallic Seal Cover Company, Jacksonville, Florida.

[illegible] E. Smith, Macon, Georgia, representing The Macon Awning Company, W. S. Hoch and D. E. Hall, Macon, Georgia.

T. G. Wynne, Cave Line, Kewaskum, representing Wells and Son, Cave Line, Kewaskum, T. C. Bailey, G. E. Lowe, C. T. Wynne, Cave Line, Kewaskum, W. A. Hastings, representing, Kewaskum, T. C. Hoch, Clay, Kewaskum, Wells and Jones, Kewaskum, Kewaskum, A. A. Hawkins, Valley View, Cedar, S. A. Davis and Company, Valley View, Lisbon, J. L. Jones, Cedar, Lisbon, Lisbon, V. E. Bell, Cedar, Lisbon, Lisbon, E. K. Zuel, Cedar, Lisbon, J. C. Gagen, Jackson, Lisbon, J. E. Turner, Jackson, Lisbon, Clay Pole, Slinerville, Lisbon, and F. E. Tater, Jackson, Lisbon.

T. S. Wynne, Cave Line, Kewaskum, Portia and Son, et al, Cave Line, Kewaskum.

A. L. Mechem, 1420 Barnett National Bank Building, Jacksonville, Florida, representing Johnson and Company, Inc., Bay, Florida and Gropper Textile Company, Ocoee, Florida.

A. V. Pollard, 1e Fonti Springs, Florida.

DAVID N. BURRUSS, JR., Cleveland, Ohio, representing Nelio-Resin Corporation, Jacksonville, Florida.

J. H. CARTER, Rockingham, Georgia, representing Carter and Carter, Rockingham, Georgia.

AUSTIN CARY, Lake City, Florida, representing U. S. Forest Service.

G. G. CHAPPELL, P. O. Box 386, Cordele, Georgia, representing Onyx Turpentine Corporation, Oconee Naval Stores Company, Naval Stores Operators, Inc., P. O. Box 386, Cordele, Georgia.

McGARVEY CLINE, 2595 Riverside Avenue, Jacksonville, Florida, representing Wood Process Company, Inc., Barnett Building, Jacksonville, Florida.

A. CORBETT, Willacoochie, Georgia, representing himself.

JULIAN E. FANT, Florida Theatre Building, Jacksonville, Florida, representing Nelio-Resin Corporation, Jacksonville, Florida.

F. L. FOGARTY, Box 389, Jacksonville, Florida, Nelio-Resin Corporation, Box 389, Jacksonville, Florida.

E. W. HADLEY, Forest Code Examiner, 1711 Pere Marquette Building, New Orleans, Louisiana, representing Forest Service, Department of Agriculture, Washington, D. C.

S. J. HALL, 1407 Barnett Building, Taylor Land Corporation, Taylor Naval Stores Company, representing Forest Managers, The Southern Resin and Chemical Company, 1407 Barnett Building, Jacksonville, Florida.

JAMES H. HAMILTON, Bailey, Georgia, representing H. M. Currie, Alamo, Georgia.

D. L. HANDLEY, Holspaw, Florida, representing Peavy Wilson Lumber Company, Inc., Holspaw, Florida.

DAVID E. ELDRIDGE, JR., Director, Gulf, representing Gulf-Shale Corporation, Jacksonville, Florida.

J. F. DAVIS, Secretary, Owner, representing Sunbur Oil Corporation, Washington, Georgia.

[illegible] Bank City, Florida, representing E. G. Jones [illegible].

G. G. [illegible], J. S. Bar Ranch, Jacksonville, representing Cape Tarpaulin Corporation, Cocoa Grand Corporation, Total Drama Corporation, Inc., 1. S. Bar Ranch, Jacksonville, Florida.

[illegible] Glen, [illegible] Corporation, Jacksonville, Florida, representing Gulf Drama Corporation, Inc., Bonanza Building, Jacksonville, Florida.

A. Jackson, Gainesville, Florida, representing [illegible].

[illegible] S. Lake, Florida Theatre Building, Jacksonville, Florida, representing Gulf-Shale Corporation, Jacksonville, Florida.

K. L. Jackson, Bar Bar, Jacksonville, Florida, representing Gulf-Shale Corporation, Bar Bar, Jacksonville, Florida.

H. W. Hallam, Forest Oil Company, 1701 Pine Burrows Building, Bar Drama, Louisiana, representing Forest Service, Department of Agriculture, San Diego, C. V.

S. J. Hall, Lady Forest Building, Taylor Land Corporation, Taylor Hard Copper Corporation, Professional Jackson Jackson, The Security Trust Co. Capital Company, Lady Forest Building, Jacksonville, Florida.

Hans C. Hunting, Dallas, Texas, representing W. G. Corte, Alamo, Georgia.

G. L. Jackson, Odessa, Florida, representing Jay Blue Lumber Company, Inc., Odessa, Florida.

W. G. HARDY, Overstreet, Florida, representing himself.

S. P. HUSBAND, Port St. Joe, Florida, representing Husband Turpentine Company.

C. C. HUXFORD, Mobile, Alabama, representing C. C. Huxford, Townsend, Georgia.

H. L. KAYTON, Savannah, Georgia, representing Carson Naval Stores Company, Savannah, Georgia.

T. P. KIRKLAND, Douglas, Georgia, representing H, Kirkland Naval Stores Company, Douglas, Georgia.

H. LANGDALE, Valdosta, Georgia, representing various processors.

JULIAN LANGNER, 221 Investment Building, Washington, D. C., representing in Washington Control Committee for Gum Turpentine and Gum Rosin Processors, Jacksonville, Florida.

J. E. LOCKWOOD, 715 Liberty National Bank Building, Savannah, Georgia, representing himself as naval stores consultant.

W. E. McARTHUR, Jax, Alabama, representing himself.

O. F. McEACHIN, McRae, Georgia, representing W. F. and O. F. McEachin, McRae, Georgia.

O. T. McINTOSH, Savannah, Georgia, representing Southern States Naval Stores Company, Savannah, Georgia.

E. E. MILES, Baxley, Georgia, representing Miles Dum Turpentine Company, Baxley Turpentine Company, Pine Grove Stores Company, Baxley, Georgia, and Jesup Turpentine Company, Jesup, Georgia.

ISAAC MOODY, Baxley, Georgia, representing Isaac Moody and Company, processors, Baxley, Georgia.

ROBERT M. NEWTON, Wiggins, Mississippi, representing Chairman Control Committee, Newton Naval Stores Company, Wiggins, Mississippi.

W. M. OETTMEIER, Fargo, Georgia, representing Superior Pine Products Company, Fargo, Georgia.

J. G. PACE, Pensacola, Florida, representing Pace Brothers, Pensacola, Florida.

V. G. PHILIPS, Wakulla, Florida, representing Philips Turpentine Company, Inc., Wakulla, Florida.

J. L. PRINCE, Pelham, Georgia, representing J. L. Prince and Son, Pelham, Georgia.

J. L. PRINCE, Pelham, Georgia, representing Moore Prince and Company, Pelham, Georgia.

WALTER RAY, Jacksonville, Florida, representing Clark-Ray-Johnson Company, Ocala.

MILLARD REESE, Brunswick, Georgia, representing the Downing Company, Inc., Brunswick, Georgia.

GEORGE T. RIVES, Brunswick, Georgia, representing Odum Turpentine Company.

GEORGE T. RIVES, Brunswick, Georgia, representing White Springs Naval Stores Company, White Springs, Florida, Ludowici Place, J. H. Vickers, Manager, Ludowici, Georgia, Coastal Turpentine Company, Brunswick, Georgia, Box 257; Home Realty,Company, Box 257, Brunswick, Georgia; Union Turpentine Company, Lake Park, Georgia; and the Downing Company, Inc., Brunswick, Georgia.

M. J. ROESS, 1624 Barnett National Bank, Jacksonville, Florida, representing Columbia Forests and Farms, Inc.

MERLE E. SUPPE, Virginia, Illinois, representing Illinois
Central Coal Mine, Power Fuel Corp. Company, Virginia, Illinois.

W. H. GRIFFITH, Kyle, Ontario, representing Canadian Gas
Products Company, Toronto, Ontario.

J. V. FAIR, Pennsylvania, Pennsylvania, representing Penn Jersey
Pennsylvania, Pittsburgh.

W. S. MILLER, Omaha, Texas, representing Phillips Petroleum
Company, Inc., Omaha, Nebraska.

J. L. JAMES, Tulsa, Oklahoma, representing J. L. Taylor and Son,
Tulsa, Oklahoma.

J. L. JAMES, Tulsa, Oklahoma, representing Jones Plaza and
Company, Tulsa, Oklahoma.

Walter [illegible], Pennsylvania, Pennsylvania, representing Diamond-Phenix
Company, Erie.

WILLIAM [illegible], Pennsylvania, Penn., representing the Pennsylvania Power
Inc., Pennsylvania, Pennsylvania.

ROBERT J. RIVE, Pennsylvania, Pennsylvania, representing Penn Pennsylvania
Company.

Hughes J. Rive, Pennsylvania, Pennsylvania, representing Rive Springs
Naval Stores Company, Rive Springs, Florida, Lafayette Lions J. E.
Thomas, Houston, Florida, Jacksonville, Internal Temperature Company,
Pensacola, Georgia, Sec. Lou Ione Jacksonville, Ala. NY, Pensacola,
Georgia; Lone Jacksonville Company, Lake Ione, Georgia and Ala Gasoline
Company, Inc., Jacksonville, Georgia.

E. J. BIGGS, Iowa Iowa Natural Gas, Independence, Iowa,
representing Cascade Powers and Irwin, Inc.

A. T. RUSS, Nichols, Georgia, representing himself.

J. D. RUSS, JR., West Florida Naval Stores Company, Pensacola, Florida.

D. A. SAPP, P. O. Box 582, Savannah, Georgia, representing J. A. Floyd and Company, and R. B. Carnes, Savannah, Georgia.

T. J. SMITH, McRae, Georgia, representing himself.

CARL F. SPEH, 1305 Barnett Building, Jax, Florida.

J. W. TIPPINS, Baxley, Georgia, or White Springs, Florida, representing Tippins and Anderson and all processors.

E. R. TURNER, Barwick, Georgia, representing Brooks County Naval Stores Company, Barwick, Georgia.

THOMAS L. WATERS, care of the Lurton Company, representing Osaka Naval Stores Company, Flomaton, Alabama.

L. N. WATERS, Box 1257, Jacksonville, Florida, representing Orange Creek Turpentine Corporation.

H. WEIBERT, Jacksonville, Florida, representing Peninsular Naval Stores Company.

H. M. WILSON, Jacksonville, Florida, representing Slash Pine Farms, Inc., Stockton, Georgia, Diamond Turpentine Corporation, Nahunta, Georgia, and Turpentine and Rosin Factors, Inc., Jacksonville, Florida.

PROCEEDINGS

PRESIDING OFFICER COOK. Gentlemen, there are two plans of allotment, one in the original proposed amendment to the license and the ~~original proposed amendment to the license and the~~ original proposed agreement. Then, on page 35 of your document there, you will find the proposed amendment to both the license and the agreement, which is commonly known as the Reese amendment. It seems that the control committee and members of the industry have been working beyond NRA hours considerably in the last few days endeavoring to thoroughly analyze the different forms of allotment in order to determine which is the most equitable and workable and to determine, of course, which one will be of the greater benefit to the industry as a whole. You fully realize that is what we are trying to do, to work out something which is going to benefit the industry as a whole or at least the greater part of the industry. It will necessitate a rather full discussion of both plans in order to determine which plan is best. The gentlemen representing both plans have asked special permission, if necessary, to extend the time for filing briefs so that they may be able to work out a full analysis of their plans and they have been talking together here this morning and will work together in trying to work out some plan, if not either one of these plans, some plan which will be of greatest benefit to the industry.

This morning we are going to ask the sponsors of both plans to give us what detail they have and, of course, opportunity will be given to any one on the floor to ask questions or to make statements or to offer any other plan which you have in mind. At the present time we have tossed up

[illegible] DIVISION NO. 8. Gentlemen, there are two plans of attack, one is the original proposed amendment to the license and the original proposed amendment to the license and the original proposed agreement. Then, on page 55 of your document there, you will find the proposed amendment to both the license and the agreement, which is commonly known as the Moore amendment. It seems that the control committee and members of the industry have been working beyond MRA hours considerably in the last few days endeavoring to thoroughly analyze the different forms of attack here in order to determine which is the most equitable and workable and to determine, of course, which one will be of the greatest benefit to the industry as a whole. You fully realize that is what we are trying to do, to work out something which is going to benefit the industry as a whole or at least the greater part of the industry. It will succeed into a rather full discussion of both plans in order to determine which plan is best. The gentlemen representing both plans have called special provision. It necessary, to extend the time for filing briefs so that they may be able to work out a full analysis of their plans and they have been asking together here this morning and will work together in trying to work out some plan, if not either one of these plans, some plan which will be of greatest benefit to the industry.

This morning we are going to ask the industry at both plans to give us what total they have had, of course, definitely will be given to any one on the floor if our questions or to make statements or to offer any other plan which you have in mind. If the proposed plan is to be based on

to see which one is put on the spot, first, and Mr. Reese got heads, so he will go forward, if he will, and give us some information on his plan, as we read the various sections, or, if you desire, Mr. Reese, to just go into the whole plan, we will do that. Shall we read this section by section, then you explain it by sections, or whichever way you prefer.

MR. REESE: Mr. Chairman, I believe I should like for the substitute plan to be read through Section 6.

PRESIDING OFFICER COOK. All right. We will do that for you first. You mean read the whole thing right through slowly?

MR. REESE. Yes.

PRESIDING OFFICER COOK. On page 35, ladies and gentlemen, you will find the plan and I will try to read it as slowly and distinctly as possible and take plenty of time for consideration as we read it.

(The suggested amendment to basis of allotment contained in proposed marketing agreement and proposed amended license for processors of gum turpentine and gum rosin, Section 1, Section 2, Section 3, Section 4, Section 5, and Section 6 on pages 35, 36, and the top of 37, were read.)

MR. REESE. Mr. Chairman, and members of the hearing committee, and gentlemen: I think perhaps it would be well first for me to make an effort to explain my position today with respect to the marketing agreement as it exists with respect to the matter of government loans. I realize from some questions which have been asked since I have been in Jacksonville attending these hearings, occupying the position I do, that there may be some misapprehension as to my own present position on the question of the marketing agreement and the policy of government loans. My position in connection with the marketing agreement a year ago is well known and I do not think anybody in the industry failed to realize what I thought about it, where I stood and what I thought ought to be done at that time. Despite the opposition which I may say I headed, at least for which I was the spokesman,

to see which one is put on the agenda first, and Mr. Keene got heads, so he will go forward. If he will, he gives us some information on his plan, or we read the various sections, or, if you desire, Mr. Keene, to just go into the whole plan, we will do that. Shall we read this section by section, then you explain it by sections, or whatever way you prefer.

Mr. Keene: Mr. Chairman, I believe I should like for the subcommittee to read through Section 6.

PRESIDENT OTTUM COOK: All right. We will do that for you first. You read the whole thing right through slowly?

Mr. Keene: Yes.

PRESIDENT OTTUM COOK: On page 36, ladies and gentlemen, you will find the plan and I will try to read it as slowly and distinctly as possible and have plenty of time for consideration as we read it.

(The proposed resolutions in lieu of allotment contained in proposed marketing agreement and proposed amended licenses for processors of gum turpentine and gum rosin, Section 1, Section 2, Section 3, Section 4, Section 5, and Section 6 on pages 36, 38, and the top of 37, were read.)

Mr. Keene: Mr. Chairman, and members of the hearing committee, and gentlemen: I think perhaps it would be well first for me to make a clear to explain my position today with respect to the marketing agreement as it affects all growers in the center of government loans. I realize from some questions which have been asked since I have been in Washington attending these hearings, concerning the position I do, that there may be some misapprehension as to my own present position on the question of the marketing agreement and the policy of government loans. My position in connection with the marketing agreement - that has to do with those who I do not think anybody in the industry failed to realize that I do not favor it, then I stand and have I thought right to i-done at last time. Despite the opportunities which I had and I tended, to leave the mind I had the

the marketing agreement was put on and we have now operated under it for what for practical purposes may be termed a year.

It is impossible in this life to travel two roads going in opposite directions at the same time. I have tried very earnestly in making decisions for myself and clients to make decisions when we reach the forks of the roads; and, after having started out in one direction not to have to retrace steps, go back to the fork and start out in an opposite direction or a different direction. When the marketing agreement became an accomplished fact, and ever since that time, it has been my earnest hope and effort that it could be made workable and successful. I hope all of you understand that statement. I hold to that position today. Having tried the experiment for a year, I think it would be very unfortunate if we had to wipe out and regard as a failure the experiment that has been made.

A word now with reference to my position on the policy of government loans. As an original proposition, I was against it. I felt that our industry had to have an operation sooner or later and that it was a part of wisdom to go through the operation at the earliest possible moment. I felt that the matter of government loans simply would prove to be an expedient and would only postpone and not obviate the necessity for the operation which our industry I felt and still feel has got to stand at some time. Here again my ideas did not prevail and we launched upon a policy of enjoying government loans.

The authorization for the $50 per unit loan came out so late that it has done very little for the benefit of the industry up to this time. Its greatest accomplishment has been to inspire hope and develop morale. Believing that the patient needed an operation and had to face an operation,

I felt that the policy of government loans would be analogous to a policy of the physician artificially feeding the patient for a period in the hope he may gain more strength and more endurance for the operation that is bound to come, but having started on that policy, a morale having been developed upon the part of the processors and the producers, I think it would be cruel to change that policy today. I do not want to see it changed. I want to see it continued and I am not willing to name the period of time because that will depend upon many things. I earnestly hope that this artificial feeding that is being given the patient will result in avoiding the operation that I felt and still feel we are in for. Gentlemen, I hope that is clear.

I am not here today, and I have not been in the position for months of wanting or desiring or trying to do away with the marketing agreement. I have accepted it as a fact so far as the interests that I represent are concerned. We are trying to observe it and we hope to be able to live under it, we want both to observe it and to live under it.

Before we accepted the marketing agreement, the factors who had opposed it had a meeting with the factors who advocated the agreement to see if we might get together. At that time, the factors who had opposed laid down two propositions as representing things they felt ought to be done and had to be done before the factors who opposed could accept the agreement. The first and by far the more insignificant of those two propositions was with respect to the crop for 1934. That is a matter of the past and there is no use to mention that except to state that it was one of the points. The next was on the proposition of the basis of allotment. There were those of us who realized that the basis of allotment set out in the marketing

I felt that the policy of government here must be analogous to a policy of the Dominion authorities dealing the problem for a period in the hope he may pick up with Ottawa, and have embodied the operation that is bound to come, but having started on that policy, a month having been employed upon the part of the government and the producers, I think it would be cruel to change that policy today. I do not want to see it changed. I want to see it continued and I am not willing to name the period of time because that will depend upon many things. I personally hope that this artificial feeling that is being given the potato will result in raising the operation that I felt and still feel to be in fact. Gentlemen, I hope that is clear.

I am not here today, and I have not been in the position for months of wanting or desiring or trying to be used with the existing regime. I have occupied a very full no-life or the Government for I presume six years. We are trying to observe it and we hope to be able to live under it, we must both to observe it and to live under it.

Before we reached the existing regime, the Prime Minister had opened it had a meeting with the farmers who already in attempt to see if we could get together. At that time, the farmers who had opposed had done the propositions as representing things they felt ought to be done and had to be done before the farmers who opposed could accept the measure. The first and by far the more intelligent of those two propositions was with regard to the crop for 1924. That is a matter of the past and there is no use to question that except to state that it was one of the points the park was on the proposition of the basis of alignment. There were those of us the opinion that the Board of alignment had to be satisfied

agreement as written, and I refer to the four-year basis, was going to work untold hardship, inequalities, inequities and unfairness upon a large percentage of those who were producers. The gentlemen with whom we were conferring were not in position to make any definite commitment. The marketing agreement had not going into effect. The control committee contemplated by the agreement had not even been elected and all that they could possibly do was to say "We are satisfied to say to you that we too would like to have a better and fairer basis of allotment and if one can be worked out we are willing to commit ourselves to advocating it."

May I tell a story off the record?

PRESIDING OFFICER COOK. Yes.

(There was a short statement off the record.)

MR. REESE. This is pretty much the position of us factors who were in opposition. It was pretty bad, but it was the best we could do. I mean our inability to get any binding commitment, any commitment binding on anybody with reference to the basis of allotment. Ever since before the allotments were made, because the allotments were not actually made until June 27th of last year, I worked day in and day out trying to get a better and a fairer basis of allotment substituted for the existing basis. As far back as last July I recognized that it was impossible to get any basis of allotment substituted to be made effective during 1934. So far as I was concerned, I gave up all hope of accomplishing anything during 1934, and I mean by that to be made effective during 1934 and bent my energies and efforts toward trying to get a different and better basis framed, agreed upon and adopted so as to become applicable in 1935. In connection with these marketing agreements, the basis of allotment and selecting them, I have talked about them until I have gotten to the point where my wife runs

anybody out of the house that mentions turpentine and rosin.

My criticisms of the four-year basis of allotments are well known to you before me and to the gentlemen on my left. You gentlemen of the hearing committee may not know these criticisms and objections so well. It is important that some mention be made of them in the record.

We must bear in mind that this agreement became effective, so far as the Secretary's final approval was concerned, on February 21st. At that time, the naval stores crop for 1934 had been pitched. Some cups may have been hung after that date, but, if so, they were hung on timber also under lease or already owned and arrangements already had been made for the hanging of those cups. That necessarily was the case. Under Georgia law, the time for commencing a turpentine operation is in the spring, ends with March 15th. The agreement did not actually go into effect until about the middle of March. I do not recall the exact date on which the control committee was elected, but I think I recall definitely that the control committee met and organized about the middle of March. Is that right, Mr. Wilson?

MR. WILSON. Yes.

MR. REESE. I recall quite definitely that the committee met for the purpose of fixing the crop for 1934 in the week in which March 20th fell, and I think Monday of that week was the 19th. Some days later it developed it would be impossible to make allotments before April 20th and that date was fixed as the day for making allotments. It had to be postponed from time to time until as I stated just now, the allotments were finally made on or about June 27th. That is the date of the circular sent out by the committee announcing the allotment. The actual work may have been done a day or two before.

[illegible] of the House that questions [illegible] and so on.

In criticism of the Company rule or allowance we will [illegible] it for future as all in the [illegible] or left. The [illegible] of the service committee may not have these criticisms and objections so well. It is important that some mention be made of them in the record.

We made bear in mind that this agreement becomes effective, as the Secretary's final approval was [illegible], on February 21st. At that time, the naval stores crop for 1954 had been planted. Some crops may have been [illegible] after that date, but, if so, they were [illegible] on timber also under leases or already owned and strong months already had been made for the [illegible] of those crops. That necessarily was the case. Under Georgia law, the time for commencing a turpentine operation is in the spring, such with March 15th. The agreement did not actually go into effect until about the middle of March. I do not recall the exact date on which the control committee was elected, but I think I recall definitely that the control committee met and organized about the middle of March. In that right.

Mr. Kilgore.

Mr. Chairman. Yes.

Mr. Hyman. I recall quite definitely that the committee met for the purpose of fixing the crop for 1954 in the week in which March 20th fell. And I think monday of that week was the 15th. Some days later it developed it would be impossible to make allotments before April 20th and that date was fixed as the day for making allotments. It had to be postponed from time to time until as I stated just now, the allotments were finally made on or about June 17th. That is the date of the allotment sent out by the committee announcing the allotment. The actual work may have been done a day or two before.

You will readily see that on the basis of that four-year average, where a producer had a large production in 1930 and 1931 and a smaller production in 1932 and 1933 as compared with his 1933 production, he fared sumptuously, where, on the other hand, a producer who had a small production in 1930 and 1931, and a large production in 1932 and 1933 or a small production 1930, 1931, and 1932, and a larger production in 1933, fared like the beggar at the gate of Lazarus or I should say at the gate of the rich man.

Now, gentlemen, I do not say and I never have said that 1933 was the ideal basis for allotment. I know it would have been infinitely better than the four-year average. In talking to a gentleman a few days ago about the difference between 1933 as a test or standard and the four-year average, he said:

"You talk about giving a retroactive affect to this agreement when you take the four year average; why don't you give a retroactive affect to it by taking the 1933 production as a basis?"

Of course, the reply to that is the only reason the 1933 production would have been a better basis is because it was a better indication of conditions existing at the time this marketing agreement went into effect. You had to have some test from the past. I disagree with a number of my friends who feel that the basis of allotment ought to have been changed to make capacity to produce during 1934, as of the date the marketing agreement went into effect, the test. I agree theoretically that would have been the fairest test conceivable, but I have contended that actually from a practical standpoint it would have been almost a matter of impossibility to ascertain with any agree of definiteness and certainty what capacity to produce on a given day in the spring of 1934 was, then try to make allot-

ments for the year 1934 on that basis so that people could have known what they would be permitted to do, and could have followed those allotments.

We have to bear in mind if a man reduced his production from 1930 through 1933 he was exercising a right that no one had questioned or would question up to that time. We had to realize if a man had increased his production from 1930 through 1933, he, too, was exercising a right that was his and he had done no wrong. I have never been impressed with the argument that the man who steadily reduced his production during the four-year period from 1930 through 1933 was acting for the good of the industry as a prompting motive. I think he was doing what he thought was for his own good, just as the man who increased his production during those years was doing what he thought was for his own good in increasing it. Regardless of motive, the proposition is that both had the right to do what they did. Not until a few weeks before this law was passed, under which the marketing agreement was executed, was the definite suggestion of such a law ever made, so far as I know. In other words, it was after the present administration went into office on March 4, 1933, that this law was first proposed and assumed definite shape.

The crop for 1933 had been pitched at that time. No one could go back and retrace his steps without sustaining a greater loss than he would sustain by going on and working as he had planned to do. So that I say if we had to take a test for a freezing point, the best test that we could get would have been production for 1933 as indicating better than any test in the past, as to which facts had been ascertained or could be ascertained, what the present capacity to produce was in the spring of 1934.

[illegible] for the year 1934 in that State so that people could know what [illegible] would be permitted to do, and could make [illegible] whose [illegible] alternative.

[illegible] to them to bear in mind it does not reduce his production from [illegible] through [illegible] by [illegible] a right that no one had questioned or would question up to that time. It had to mean if a man had increased his production from [illegible] through 1933, he, too, was exercising a right that was his and he had done no wrong. I have never been impressed with the argument that the [illegible] actually reduced his production during the four-year period from [illegible] through 1933 was acting for the good of the industry as a [illegible] motive. I think he was doing what he thought was for his own good. Just as he had the increased his production during those years was doing what he thought was for his own good in increasing it. Regardless of motive, the proposition is that both had the right to do what they did. Not until a few weeks before this law was passed, under which the marketing agreements were entered, was the definite suggestion of such a law ever made, so far as I know. In other words, it was after the present administration went into office on March 4, 1933, that this law was first proposed and assumed definite shape.

The crop for 1933 had been picked at that time. No one could go back and restore his steps without sustaining a greater loss than he would certainly gain on any action he had planned to do. So that I say it is hard to give a test for a freezing point. The best [illegible] we could get would have been production for 1933 or something better than any week in the year, or to which force had been exercised previously in operation. But the present equality in prices was in the spring of 1934.

The operation of the four-year average has caused a great many hardships. Nobody knows that quite so well as the members and Secretary of the Control Committee. The cases in which a man's allotment for 1934 was less than 70 percent of his 1933 production, and the number of such cases, is absolutely startling. What the committee did was to order a reduction of 10 percent in the 1933 crop as the quantity to be marketed during 1934. In the operation of that plan, Mr. Chairman, and gentlemen of the Committee, when you have a substantial percentage, both in number and in amount of production, being permitted to market less than 50 percent of the 1933 production, grave and inexcusable inequalities have been created that ought to be corrected. I realize that we are not where we were a year ago at this time. If we were, we might do better than we can do today, but since last November, a year has passed and since last November new conditions have developed in the industry, that cannot be ignored.

It has occurred to me, after giving a great deal of thought and consideration to this question, that if we should give some consideration to the enforced limitations upon production that developed under the marketing agreement in 1934 and should go back to 1933, the last year of free and untrammeled or what we might term normal production that we had, it would be the happiest compromise that we could make of what ought to have been done a year ago and of what fairly may be done today. This basis of the proposed substitute plan you have heard read.

Analyzing it, you will see that upon a unit basis, that is, treating each one of the four years as a distinct unit, 62 and a half percent weight is given to 1933 and 37 and a half percent weight to the other three years. That comes about because when we take an average of the two years, of course,

The appearance of the Chairman's statement has caused a great many inquiries. Nobody knows that quite as well as the members and secretary of the Control Committee. The cause in which a man's allotment for 1944 was less than 50 percent of his 1940 production, and by reason of his inability to meet minimum standards. That the committee did was to order a reduction of 10 percent in the 1943 over as the quantity to be marketed during 1944. In the operation of that plan, Mr. Chairman, the Bureaucrats of the Control Ties that you have a substantial percentage, both in number and in amount of production, being granted to market less than 50 percent of the 1943 production, and innumerable inequalities have been created that ought to be corrected. I realize that we are not where we were a year ago at this time. If we were, we might do better than we can do today, but since last November, a year has passed and since last November new conditions have developed in the industry that cannot be ignored.

It has occurred to me, after giving a great deal of thought and consideration to this question, that if we should give some consideration to the effect that taking upon production that developed under the marketing agreement in 1944 and should go back to 1943, the last year of free and unrestricted or what we might term normal production that we had, it would be the logical argument that we could make of what ought to have been done a year ago and of what fairly may be done today. This basis of the proposed substitute plan you have heard read.

Analyzing it, you will see that upon a unit basis, that is, treating each one of the four years as a similar unit, it has a fair priority which is given to 1943 and it has a fair percentage which is not always have been. That seems also, Senator, due to the fact of the 1943 crop, it should

1933 stands on one side, representing one-half weight; the allotment for 1934 stands upon the other side, represents the other 50 percent weight, but 1933 production entered into the allotment for 1934. I mean the allotment for 1934 was right. There were four years that entered into the allotment for 1934. One of those years was 1933. That is, 12 and a half percent weight, we will say, was given 1933 on the one side, a 50 percent weight is to be given 1933 on the other side, making 62 and a half percent weight to be given to 1933 and 37 and a half percent weight to the other three years in fixing the proposed new basis of allotment.

It seems to me, gentlemen, that is as happy a compromise as we can reach under the conditions that we have facing us. It is not a perfect plan and yet I have had made up some very interesting figures in the form of a calculation that was made of every customer of the Downing Company as to whose four-year average and 1933 production our records disclosed full and complete information. Get that, please. This list I am going to read from covers every one of the Downing Company customers as to whose record we could get accurate information necessary to make a fair comparison. I have had a comparison made, as I stated, of all of those customers, showing what they would receive under the proposed plan and what they would receive under the Committee's plan. Let me say in this connection that these figures were compiled before the tentative allotments were made. Instead of using 70.57 as the percentage of the four-year average, every processor would receive under the committee's plan, the percentage used was 70. In other words, the figures that I am going to read into the record are one-half of one percent less with reference to the Committee's plan than the tentative allotment showed.

A tabulation of those customers or a digest, I might say, of the

1970 stands on one side, representing --half which the Chairman's 1974 stands on the other side, representing the other 50 percent weight. My 1970 information entered into the allotment for 1974. I mean the allotment for 1974 was right. There were four years that entered into the allotment for 1974. One of those years was 1968. That is, 12 and a half percent weight, we will say, was given 1968 on the one side, a 50 percent weight is to be given 1970 on the other side, making 62 and a half percent weight to be given to 1970 and 37 and a half percent weight to the other three years in fixing the proposed new basis of allotment.

It seems to me, Gentlemen, that is an happy a compromise as we can reach under the conditions that we have facing us. It is not a perfect plan and yet I have had made up some very interesting figures in the form of a simulation that are made of every platoon of the Dorsing Center in a four-year study on 1970 production and records displayed full and complete information. Get that, please. This fact I am going to read from covers every one of the Dorsing Center platoons so to speak and we have had sufficient information necessary to make a full comparison. I have had a comparison made, as I say, of all of these systems, showing what they would receive under the proposed plan and what they would receive under the Committee's plan. Let me say in this connection that these figures were compiled before the tentative allotments were made. Instead of using 70.37 as the percentage of the four-year average, every producer would receive under the committee's plan, the percentage used was 70. In other words, the figures that I am going to read into the record are one-half of one percent less with reference to the Committee's plan than the tentative allotment showed.

A tabulation of these statistics or a digest, I might say, of the

tabulation that was made up discloses this result: The number to receive out of the 99 members over 100 percent of the 1933 production under the Committee's plan would be 10; under the substitute plan would be one. The number to receive less than 100 percent but more than 90 percent under the Committee's plan would be 9; under the substitute plan would be 6. The number to receive less than 90 percent but more than 80 percent under the Committee's plan would be 13; under the substitute plan 20. The number to receive less than 80 percent but more than 70 percent, always of 1933 production, remember, under the Committee's plan would be 33; under the substitute plan 65. The number to receive less than 70 percent but more than 60 percent under the Committee's plan 27; under the substitute plan 6.

Now, Mr. Chairman and gentelmen, I may remark at this point that I think when you get below 70 percent of 1933 production you get into the class of distress cases. The number to receive less than 60 percent but more than 50 percent of 1933 production under the Committee's plan, 6; under the substitute plan 1. The number to receive less than 50 but more than 40 percent under the Committee's plan, 1; under the substitute plan none.

It may be remarked in passing that the only processor who shows under the substitute plan more than 100 percent of the 1933 production produced in that year received 57 units and under the substitute plan would receive an allotment of 60 units for 1935. Under the Committee's plan the same processor would receive an allotment of 79 units. Under both plans this processor's allotment shows the highest percentage of his 1933 production of the 99 shown.

The extreme cases are not nearly so important as other comparisons. Clearly the most important is that under the Committee's plan 13 processors would receive between 80 and 90 percent of their 1933 production, while 33

will receive between 70 and 80 percent, making a total of 46 out of the 99, who will receive between 70 and 90 percent of the 1933 production. The substitute plan shows 20 processors who will receive between 80 and 90 percent of their 1933 production and 65 who will receive between 70 and 80 percent of their 1933 production, or a total of 85 coming within the range between 70 and 90 percent of 1933 production.

Let us bear in mind, gentlemen, that this tabulation is based upon the total crop of 450,000 units that had been authorized or had been recommended at the time it was compiled by the control board as the total crop for 1935 and I understand since that time has been approved in Washington. So that these figures here based upon the total crop of 450,000 that has been authorized for 1935 represents just about a 12 and one-half percent reduction - I think the accurate figure is 12.4 - of the crop of 1933, if that crop were 516,000.

It seems that the total crop for 1933 is a rather vague and elusive thing. Mr. Speh has just informed me that they keep changing their total figures constantly, but they still are assuming that -

MR. SPEH. 516 is a good basing point.

MR. REESE. That is a good basing point?

MR. SPEH. Yes, Sir.

MR. REESE. Assuming that 516 was the total crop for 1933, the reduction that the crop of 450,000 ordered for 1935, as I recall the figures - and I am rather sure of them - makes 12.4 percent. That would mean that if every 1933 processor had been reduced uniformly, his production or his allotment for 1935 would be 87.6 percent of his 1933 production.

will realize between 70 and 80 percent, which total is 40 percent of the 60. We will realize between 70 and 80 percent of the 1956 production.

The realization plan shows 50 percentile who will realize between 80 and 90 percent of their 1955 production and 50 who will realize between 70 and 80 percent of their 1956 production, or a total of 80 coming within the range between 70 and 80 percent of 1955 production.

Let us bear in mind, gentlemen, that this tabulation is based upon the total crop of 600,000 units that had been estimated or had been recommended at the time it was compiled by the control board as the total crop for 1955 and I understand since that time has been approved in Washington as that figure. Here based upon the total crop of 600,000 that has been approved for 1955 represents just about a 12 and one-half percent reduction - I think the accurate figure is 12.6 - of the crop of 1954. If that crop were 618,000.

It seems that the well from Pryor is 1 other very at already years. Mr. Clark has just informed me that they keep changing their total figure constantly, but they still are assuming that -

Mr. Byrd. 550 is a good working point.

Mr. Clark. That is a good bearing point.

Mr. Byrd. Yes, sir.

Mr. Byrd. Assuming that 550 was the total crop for 1955, the reduction that the crop of 600,000 produced for 1956, as I recall the figures - and I am subject to them - makes 12.4 percent. That would mean that if every 1955 producer had been reduced uniformly, his production reduction allotment for 1956 would be 87.6 percent of his 1955 production.

Of course, it is impossible to devise any plan, I take it, where under the operation of the plan devised, a man gains above what it may be felt he rightfully would be entitled to, to take any of that away from him if he wants to make it and is in position financially and has the timber resources to make it.

May I tell you something I learned as a law student, off the record?

PRESIDING OFFICER COOK. Yes.

(There was a short statement off the record.)

MR. REESE. Any plan we are going to get by reason of its uniform operation upon every man engaged in the business is going to show some extreme cases. There will be distress cases which will have to be remedied. Where they are above the average you will not be able to do anything about them. That is one of the prices we have to pay for the universality, if I may use that big word, in connection with a very small industry, of the plan, and we are not going to get anything that will not meet the application of this great branch of the law which we know as equity to any plan that may be devised and put into effect. But we cannot apply that to take away from a man something to which he is entitled under the plan adopted. The best that you can do is to try to raise the man who suffers unduly to some fair level.

I am not making any definite commitment on this proposal, but it is my own idea that where, with no unusual circumstances surrounding the transaction, any man under any plan gets within 70 to 90 percent - or, let me express it this way: Where any man under the application of any plan gets not less than 70 percent of his 1935 production, ordinarily that would not be a distress case. Of course, I can conceive of instances where such a case would present a distress situation. I have an idea I am looking into the face of a friend

of mine from Pensacola, Mr. Pace, who has a distress situation and would have a distress situation even under that proposition because in order to give employment to the unemployed and undertake to make the land, they had to pay heavy tax burdens on produce, the taxes, which he had to pay, he put into production, I believe it was some 20 crops he told me in 1934. Is that right, Mr. Pace?

MR. PACE. Yes.

MR. REESE. That would represent several times perhaps your 1933 production?

MR. PACE. I will explain it if you will let me.

MR. REESE. All right, but I want to make it clear there are cases that might be distress cases even though they do come within the range or above a certain percentage of the 1933 production. On the other hand, there may be corresponding cases that come below any fixed percentage that would not be distress cases because the owner or operator of that business might not be in position to make any more than his allotment or might not be in position to make substantially more than his allotment for the new year, even though it is a small percentage of his 1933 production.

Another thing I want to call attention to in opening, Mr. Chairman, is the situation of the new processor of 1934. As a class, I think the new processor of 1934 has suffered more than any of us under this marketing agreement. It was not anybody's fault, particularly. Provision that was deemed to be fair and reasonable was made for the new processor of 1934, but the result on that new processor has been disastrous. After alloting the three percent that was available of the 1934 crop to the new processors of that year, it was found they would get 44.3 or 44.4 percent of their ascertained capacity to produce during the year. That means that a man who in entire good faith

of nine five thousand. Is, then, the law a sufficient criterion for such a finding without even making that preliminary inquiry in order to give evidence to the contrary that violation is only the load. Why but to pay heavy tax burdens or penalties, which is not to pay, be put into production. I believe it was done by Congress in 1924. Is that right, Mr. Peet?

Mr. PEET. Yes.

Mr. KEEN. That would represent several times perhaps your 1920 production?

Mr. PEET. I will explain it if you will let me.

Mr. KEEN. All right, but I want to make it clear there are cases that might be different cases even though they do come within the rules or above a certain percentage of the 1920 production. On the other hand, there may be corresponding cases that even half-a-dozen /and perhaps more/ would not be distress cases because the owner or operator of that business might not be in a position to make any more than his allotment or might not be in position to make substantially more than the allotment for the year, even though it is a small percentage of his 1920 production.

Another thing I want to call attention to in quoting, Mr. Keenan, is the attitude of the law department of AAA. As a fact, I think the law department of AAA has actively done their bit to make this controlling agreement. It was not anybody's fault, particularly. Congress just was forced to be late and reasonably are quite for the new programs of 1934, but the result is that we provided but two distresses. After stating the case patent that was available of the 1934 crop to the one producer of that year, it was found that could not sell or dispose of their meet-to-land directly to produce during the year. That means that a man who is entire good faith

and entirely within his rights had prepared to produce during 1934 1,000 units was reduced to 444. I believe the 444 was for the 9 months, however.

MR. SPTH. Yes.

MR. REESE. Upon the assumption that that represented 94 percent of his entire capacity to produce for the year 1934, it probably gave him about 51 percent for the full year. Everybody concedes that that man is entitled to relief and the question comes up, what relief ought to be granted? There you get into matters of opinion and opinions I think differ rather widely as to what relief ought to be granted.

Under the plan proposed, the basis of allotment to the new producer is to double the percentage awarded him for the last 9 months of 1934 and let that represent his base figure and, as the plan works out, the new processor would get, according to the figures that I have here, and I think they would show perhaps one or two percent higher than the figures shown on my tabulation, the new processor would get 85.5 percent of his base figure which in turn is double his allotment for the last 9 months of 1934. Of course, if changes ought to be made in that, it is all right to do so, but I want to point this out to you: In order to bring the new processor of 1934 up to the treatment which he is accorded under the substitute plan, it would be necessary to take under the Committee's plan a substantial part of the 5 percent set aside for distress cases and apply it to the new processors of 1934. Under the plan as recommended by the Committee it was changed in the form of agreement before us. I have not worked out the figures on the basis of the form of the agreement before us, so I used the figures I worked out on the basis of the Committee's suggestion. The Committee's suggestion was to let the new processor of 1934 share to the extent of 75 percent of his capacity

and entirely within his rights and prepared to produce during 1952 3,000 units per year; in AAA. I believe the AAA was for the 9 months, however.

Mr. [illegible]. Yes.

Mr. [illegible]. Upon the assumption that that represented 94 percent of his entire capacity to produce for the year 1952, it probably gave him about 81 percent for the full year. Everybody concedes that that man is entitled to relief and the question comes on, what relief ought to be granted? Here you get into matters of opinion and evidence I think differ rather widely as to what relief ought to be granted.

Under the plan proposed, the basis of allotment to the new producer is to double the percentage received him for the last 9 months of 1952 and let that represent his base figure and, as the plan works out, the new producer would get, according to the figures that I have here, and I think they would show perhaps one at two percent higher than the figures shown on my tabulation, the new producer would get 88.2 percent of his base figure which is then is double his allotment for the last 9 months of 1952. Of course, if changes ought to be made in that, it is all right to do so, but I want to point this out to you: In order to bring the new producer of 1952 up to the treatment which he is accorded under the substitute plan, it would be necessary to take under the Committee's plan a substantial part of the 8 percent set aside for diverse cases and still it is the new producers of 1952. Under the plan as recommended by the Committee it was changed in the form of movement below us. I have not added but the figures on the basis of the form of the currently below-us, so I read the figures I have at hand on the basis of the Committee's suggestion. The Committee's recommendation was at the pro percentage of 1952 given to the extent of 88 percent of the disposi-

to produce for 1934 and his base figure or as his four-year average, to make it entirely plain.

I believe that worked out about this way. A processor who was in position to produce 1,000 units last year would get as his 1935 allotment perhaps 530, 532, 533, or 534 barrels or units. Of course, that would not be the relief to which the new processor of 1934 clearly is entitled.

To commence with there would have to be deducted from this 5 percent set aside under the Committee's plan for distress cases to take care to some extent the new processor of 1934 and if he was taken care of to the extent recommended by the substitute plan or to the extent provided by the substitute plan, it would mean that there would have to be taken out of the committee 5 percent for distress in excess of 7,000 units to be awarded to the new processors of 1934, or nearly one-third of the total 5 percent that the Committee recommended be set aside. I hope I have made that clear. Have I, Mr. Chairman?

PRESIDING OFFICER COOK. Yes.

MR. REESE. Mr. Chairman and gentlemen: One of the most important things, it seems to me about getting away at this time from the four-year average basis is the result that we see for 1935 as compared to 1934 and when we look ahead a year or two years and see what the effect of a continuation of the four-year average basis of allotment is going to be if the marketing agreement should continue in effect for another year or another two years all of us will realize that something has got to be done.

Let me call your attention to the fact that the total crop authorized for 1935 is only 14,400 units less than the total crop authorized for 1934. That means a reduction in the 1934 crop for 1935 of approximately three per

to produce 700 [illegible] and [illegible] [illegible] to [illegible] [illegible], so [illegible] [illegible] [illegible].

I believe that worked out about this way. A producer who was in position to produce 1,000 units last year would get on his 1952 allotment perhaps 800, 850, 900, or 950 barrels or units. Of course, that would not be the relief to which the new producer of 1954 clearly is entitled.

The discussion with there would have to be deducted from this 3 percent for units below the Committee's plan for this year since to take care of some extent the new producers of 1954 and if he was taken care of to the extent recommended by the minority plan or to the extent provided by the administration plan, it would mean that there would have to be taken out of the minimum 3 percent for distress in excess of 7,000 units to be granted to the new producers of 1954, or nearly one-third of the total 3 percent that the committee recommended be set aside. I hope I have made that clear. Here is, in brief, the

PRODUCTION UNITS FOR 1954.

Mr. [illegible]. Mr. Chairman and gentlemen: For it is not important which, it seems to me about getting away at this time from the four-year average basis in the result that we see for 1953 as compared to 1954 and then we look ahead a year or two years and see what the effect of a continuation of the four-year average basis of allotment is going to be if the marketing allotment should continue in effect for one that year or another two years. If we do all realize that something has got to be done.

Let me call your attention to the fact that the total crop authorized for 1953 is only 14,000 units less than the total crop authorized for 1952. That means a reduction in the 1954 crop for 1953 of approximately three per

cent, and yet what is the result on the basis of the tentative allotment? For 1934, counting the six percent that the Committee assumed had been marketed prior to April 1st, the percentage of the four-year average which each processor received was about 81. Is that right, Mr. Speh?

MR. SPEH. I did not follow you. I beg your pardon.

MR. REESE. Counting the 6 percent the Committee assumed had been marketed prior to April 1, 1934, the allotment which each processor received was approximately 81 percent for 1934.

MR. SPEH. No.

MR. REESE. It is 74.7, was it not?

MR. SPEH. 74.57.

MR. REESE. No. The .57 is this year.

MR. SPEH. 74.75, I think it is.

MR. REESE. Maybe so. At any rate, that is approximately correct. The old processor of 1934, counting the 6 percent it was assumed he had marketed prior to April 1st of that year, received as his total allotment for the year approximately 81 percent of his four-year average. With a reduction of only three percent in the crop of 1934 for 1935 the old processor of 1934 will receive as his allotment for the full year 1935 70.5 percent, a reduction of 10 and one-half percent, based on 100 percent, but when we take 10 and a half percent of 80 and a half percent, you find that the processor of 1934 is receiving for the full year 1935 a reduction of almost 13 percent. Now, carry that forward one year and assume this time next year. I hope there will not be the necessity for another public hearing of this sort. But assume the control committee is in session at that time

[illegible], and you have in the result in the basis of the [illegible] statement for 1954, including the six-cent that was [illegible] [illegible] market prior to April 1st, the percentage of the four-year average with pressure received was about 81. It isn't that, Mr. Speer.

Mr. SPEER. I did not follow you. I beg your pardon.

Mr. BROWN. Combining the 6 percent the doubling assumed had been marketed prior to April 1, 1954, the allotment which of such pressure received was approximately 81 percent for 1954.

Mr. SPEER. No.

Mr. BROWN. It is 74.7, was it not

Mr. SPEER. 74.8%.

Mr. BROWN. No. The .8% is this year.

Mr. SPEER. 74.7%, I think it is.

Mr. BROWN. Maybe so. At any rate, that is approximately correct.

In the 1953 crop of 1954, counting the 6 percent it was assumed be had marketed prior to April 1st or that year, received as his total allotment for the year approximately 81 percent of his four-year average. With a reduction of only three percent in the crop of 1954 for 1955 the old pressure of 1954 will result in his allotment for the full year 1955 [illegible] percent, a reduction of 10 and one-half percent, from 81 to 70 percent, the [illegible] 10 and a half percent of 81 is a half percent. So that this the pressure of 1954 is receiving for the full year 1955 a reduction of almost 10 percent. Mr. SPEER. Will Your Honor for your [illegible] this next year. I hope there will not be the necessity for [illegible] of this act. But assume the natural condition is to remain at this time

and they find a year from now that they cannot increase the crop and they keep the crop at the same figure of 450,000 for 1936 that they have fixed for 1935. The old processors of 1934 are going to be faced with the situation of getting as their allotment for 1936 not more than 60 percent, I should say would be a safe estimate of their four-year average, which will be a further reduction of about one-seventh in what they get for 1935.

Gentlemen, let me give you a concrete illustration of what that means to one company. I have a right to speak for this company because it is a producing company in which I am interested and of which I am president and principal stockholder.

Our four-year average was 539. Our 1933 production was 581. Our allotment for the last 9 months of 1934 was 402. Counting the 6 percent that we were supposed to have marketed prior to April 1st, and which we did not, our total allotment for 1934 was 427. For 1935, our tentative allotment is 380, or a reduction of 47 units as against 1934, -- more than 10 percent, you see. If we go another year and another 10 percent is taken off, our allotment for 1936 will be 380 less the 38, which will reduce us to 342. We have taxes to pay on 21,000 acres of land. We have improvements to keep up, and, I tell you all honestly and seriously we simply cannot do it on the basis of 380 units. We are standing a reduction. Ours is not an extreme case. We are standing a reduction in 1935 as against 1933 of 201 barrels out of a total production of 581, well over 33 and one-third percent, and I say that our case is not unusual. I think that shows us as receiving something like 64 percent of our 1933 production.

Mr. Chairman, I may have ommitted some things in speaking extemporaneously and I might have forgotten some points I would like to have covered.

And they think a year from now that they actually increase the crop and that have the crop at the same figure of 480,000 for 1958 that they have fixed for 1954. The old producers of 1954 are going to be faced with the situation of getting an acre allotment for 1958 not more than 60 percent. I should say would be a safe estimate of their four-year average, which will be a further reduction of about one-seventh in what they get for 1958.

Gentlemen, let me give you a concrete illustration of what that means to one company. I have a right to speak for this company because it is a producing company in which I am interested and of which I am president and principal executive.

Our four-year average was 800. Our 1953 production was 801. Our allotment for the last 9 months of 1954 was 400. Counting the 6 percent that we were supposed to have marketed prior to April 1st, and which we did not, our total allotment for 1954 was 447. For 1955, our tentative allotment is 380, or a reduction of 47 units or actual 11%. -- Now keep in mind, we have. If we do another year and retain it (which is some 17), our allotment for 1956 will be 320 less the 5%, which will reduce us to 288. We have taxes to pay on 21,000 acres of land. We have improvements to keep up, and, I tell you all honestly and seriously as single owners in 11 on the field, or 50 units, we are standing a reduction. Ours is not an extreme case. We are standing a reduction in 1955 as against 1953 of 201 barrels out of a total production of 801, well over 25 and one-third percent, and I say that our case is not unusual. I think that alone is an incentive [illegible] of [illegible] 1955 production.

Gentlemen, I am sure committee members in spending strenuously and I might have forgotten some points I would like to have covered.

If so, I am sure you will give me an opportunity to appear later and if there are any questions at this time I shall be very glad to answer them.

PRESIDING OFFICER COOK. Do you want to have the rest of the proposal read?

MR. REESE. I can explain that in just a minute. I do think it is necessary to read it. The p rt of the substitute plan or proposal that was not read deals with the basis of allocation or allotment after this year; that is, for the year 1936 and subsequent years. It provides that one year from now the allotments actually made for 1935 to old processors and new processors shall be added together and the total ascertained. If my company had an allotment of 400 barrels for 1935, my company would be entitled to 400 as the enumerator and the total figure as the denominator of the fraction; in other words, the same percentage, the same percentage which 400 represented of the 1935 crop would belong to my company as its allotment out of the 1936 crop. If it was one-tenth of one percent of the 1935 crop, it would be one-tenth of one percent of the 1936 crop available for general distribution. It is a very easy, simple and fair way upon which to base allotments for future years and the same thing would just go on year by year. The allotments for 1937 would represent the same percentage of the 1937 crop that the allotment for 1936 represented of the 1936 crop, provided, of course, that everybody who applied in 1936 applied in 1937. If any of those dropped out, it would be to the benefit of the general pool.

MR. SPEN. Right at that point, Mr. Chairman, I am sure Mr. Reese would like to correct that last. Of course, anything set aside --

MR. REESE. I said available for general distribution.

MR. SPEH. Of course, that is general distribution.

MR. REESE. No, I do not think so. At any rate, if you misunderstood me, I am glad to correct. What I had in mind, in using the term "available for general distribution" is after setting aside the 5 percent or whatever percentage is to be set aside for specific purposes.

Just one other thing. I may have touched upon this, but if so, you will forgive me, Mr. Chairman. The substitute plan, I believe, would reduce the distress cases, both as to quantity marketed, and as to number of processors by at least two-thirds and probably more. If you agree with me that under ordinary circumstances anybody whose allotment for 1935 on the basis of a 450,000 crop, who received as much as 70 percent of his 1933 production, would not present a distress case. I feel sure that the figures the Control Committee is having compiled will show that the distress cases would be relieved by at least two-thirds, both in number and in quantity of production represented.

I want to say in conclusion that I appreciate the cooperation the Control Committee is giving in order to insure a full and fair analysis of the proposed substitute plan. It has been necessary for the Committee to compile a great amount of data, I understand, and it has not been possible to make as complete and careful analysis of the information compiled as ought to be made. I sent in a letter to Mr. Ward recently that goodness knows I do not want to be guilty of taking another leap in the dark, that is what we did when we adopted the four-year basis of allotment.

If this plan that has been suggested as a substitute for the existing plan will not operate as a great boon to the great majority of the industry,

Mr. Lyon. Is it correct, sir, that the Federal Trade Commission

Mr. Lemon. Yes, I do not think so. As my notes, if you will excuse me, I am glad to answer. Now I can if not, I will give the figures available for general distribution or other nothing under the 5 percent or whatever percentage is to be set aside for special purposes.

Just one other thing. I may have misled upon this, but if so, you will forgive me, Mr. Chairman. The substitute plan, I believe, would reduce the distress cases, both as to quantity marketed, and as to number of producers by at least two-thirds and probably more. If you agree with me that under ordinary circumstances anybody whose allotment for 1938 on the basis of a 400,000 crop, who received as much as 70 percent of his 1938 production, would not present a distress case. I feel sure that the figures the Control Committee is having compiled will show that the distress cases would be relieved by at least two-thirds, both in number and in quantity of production represented.

I want to say in anticipation that I appreciate the cooperative the Control Committee is giving in order to insure a full and fair analysis of the proposed substitute plan. It has been necessary for the committee to compile a great number of data, I understand, and it has not been possible to make as complete and careful analysis of the information available in such to be made. I want in a letter to Mr. Ford reiterate that questions where I do not want to be guilty of taking another jump in the dark, that is what we did when we adopted the four-year basis of allotment.

If this plan did not have authorized us a substitute for the existing plan will not operate as a great loss to the great majority of the industry,

I am the last man among you who wants it.

PRESIDING OFFICER COOK. Are there any question from the Bench?

MR. BRAUN. I would like to ask a question. In (c), Section 1, you set aside 2 percent for an equalization supply to relieve cases of undue hardship and distress. Have you formulated any idea as to the criterion or to what would determine undue hardship and distress?

MR. REESE. Mr. Braun, I hope it will when we get the figures from the Control Committee. Of course, it will be impossible to say with any degree of certainty, but I hope it will be found under the substitute plan that any case that represents less for 1935 than 75 percent of 1933 production might be treated as a distress case.

MR. BRAUN. This deals with 1933?

MR. REESE. Using 1933 as a test. Now, you understand that I do not think the bare fact that a given processor got say 80 percent of his 1933 production necessarily would mean that that processor's case was not a distress case.

MR. BRAUN. One more question. In (b) of Section 3, you multiply a new processor's allotment by two. I wish you would explain why you used two.

MR. REESE. Let me preface the answer to that question by saying that as I have already pointed out, I think there very properly may be a very wide divergence of opinion to the treatment the new processor of 1934 will receive. The reason I have multiplied that new processor's allotment for 1934, the last 9 months of 1934, by two, was because it seemed to me that the new processor of 1934 ought to receive approximately the same percentage of his ability to produce in 1934 for production in 1935 as the old processor received on his four-year average. If you will take 85.5 percent of 888, I think you will find it works out just about 754. In other words, it just happens to be an

I am the last one among you who wrote it.

PRESIDENT GERALD FORD. Are there any questions from the Press?

MR. ECKER. I would like to ask a question. In (a), section 1, you not table a period for an equalization right to values among or among burdens and distress. Have you formulated any ideas as to the patterns or to what would determine undue burdens and distress?

MR. BROWN. Mr. Brown, I hope it will when we get the figures from the Central Committee. Of course, it will be impossible to say at the moment of certainty, but I hope it will be from some kind of statistics also that any case this represents less for life than it presents if IRC section might be treated as a statutory plan.

MR. ECKER. This deals with [illegible]

MR. BROWN. Taking IRC as a test. Now, you understand that I do not think the here that that a given pressure [illegible] of the IRC [illegible] necessarily would mean that [illegible] was not a distress case.

MR. BRIEN. One more question. In (3) of section 7, you multiply a [illegible] allowance by two. I wish you would explain why you used two.

MR. ECKER. Let me provide the answer on this question to saving time [illegible] I have already pointed out, I think there may conceivably may be a very [illegible] of opinion in the treatment the new property of less will receive. In reason I have highlighted that the [illegible] difference for life, the last months of 1974, by two, was because it seemed to me that the new processor [illegible] might be treating appropriately the more generous of the ability to [illegible] in 1974 for penalties in 1980 as the old processor received on the [illegible]-year average. If you will take 88.5 percent of 386, I think you will [illegible] it works out just about 1%. In other words, it just happens to be an

easy method of arriving at an answer that to my mind is correct.

MR. BRAUN. You have referred to a group which suffered the most hardship. You meantin terms of equity, in the sense of equity, did you not? To explain that a little further, a great many people feel that they have endured great hardship. Now, when you refer to this question of any particular group suffering, and you put it in terms of suffering an undue hardship, you meant in terms of equity so far as the industry as a whole is concerned?

MR. REESE. What I meant was comparatively, Mr. Braun.

MR. BRAUN. In the sense of equity?

MR. REESE. Well, I am assuming that the marketing agreement is wise and proper. I am not complaining of the marketing agreement in saying that. What I am saying is that where one producer who actually produced 500 units in 1933 and was in position to produce 500 units in 1934 and had to have his production cut to 350, he suffered unduly upon a comparative basis and that was an inequity upon him.

MR. BRAUN. That is all I have.

PRESIDING OFFICER COOK. Any questions from any one else?

MR. GALLEHUE. Yes. Mr. Reese, according to the tabulation that you have of your own company, 85 percent of your operators fall within the 70 to 90 percent rating. What percentage of volume does that 85 percent produce?

MR. REESE. Mr. Gallehue, I am sorry I cannot answer that question. I can have it worked up for you.

MR. GALLEHUE. Have you any information as to the approximate amount produced?

MR. REESE. I imagine it is comparative. Now, let me see. I am glad you asked that question, because I failed to state something I should have stated.

way trying of arriving at an answer that is by and large a success).

Mr. [illegible]. You have referred to a given unit material the best basis. The question terms of equity, in the sense of equity, did you not? To explain that a little further, a great many people feel that they have suffered great hardship. Now, when you refer to this question of any particular group suffering, and you put it in terms of suffering on undue hardship, you seem to imply equity as the is the [illegible] in a [illegible] is necessarily

Mr. HUNTER. What I meant was comparatively, Mr. Brown.

Mr. BROWN. In the sense of equity?

Mr. HUNTER. Well, I am assuming that the marketing agreement is wise and proper. I am not complaining of the marketing agreement in saying that. What I am saying is that where one producer who actually produced 500 units in 1928 and was in position to produce 500 units in 1934 and had to have his production cut to 300, he suffered unduly upon a competitive basis and that was an inequity upon him.

Mr. BROWN. That is all I have.

[illegible]. Any questions from any one else?

Mr. GAILLEMUR. Yes. Mr. Hoppe, according to the tabulation that you have of your own company, 88 percent of your operators fell within the 70 to 80 percent rating. What percentage of volume does that 88 percent produce?

Mr. HUNTER. Mr. Gaillemur, I am sorry I cannot answer that question. I can have it worked up for you.

Mr. GAILLEMUR. Have you any information as to the approximate amount produced?

Mr. HUNTER. I imagine it is comparative. Now, let me see. I am glad you asked that question, because I failed to state something I should have stated.

These 99 customers as a whole represent almost two-thirds of the total number of units the Downing Company handled during 1935. I mean the 1935 production of these particular 99 customers represents two-thirds of the total quantity we handled during 1935. That is substantially true. The figures are about 64,500 total receipts and the total shown here is 42,509. So you see it is almost exactly two-thirds.

MR. BRAUN. The answer to Mr. Gallehue's question would have to be calculated from the column 8 and 1 of your brief?

MR. REESE. Yes, it would. I imagine though it is about comparative. I imagine that the 65 percent - I cannot state definitely, of course - represents approximately 65 percent of the production shown. Will you treat that statement?

PRESIDING OFFICER COOK. Do you want to file this?

MR. REESE. Yes.

PRESIDING OFFICER COOK. Have you four copies of this?

MR. REESE. Every one else has a copy. Mr. Ward has a copy, Mr. Braun has a copy and Mr. Sher has a copy.

PRESIDING OFFICER COOK. Just so we will have four copies for the record.

MR. REESE. I have another copy, but I want to copy the names off.

MR. WARD. This will be sufficient.

PRESIDING OFFICER COOK. The record may show document entitled, "Comparative statement showing result to 99 customers of the Downing Company, Inc. under Control Committee plan for allotment for 1935 and under substitute plan proposed by Millard Reese, President of said Company", one copy being

There is evidence on a whole, however, about 100-times or the total number of miles the Jewish Chronicle handled during 1970. I mean the 1970 production of these particular 00 newspapers represents one-hundred of the total quality on Jewish Letter 1970. That is substantially true. The figures are about 14,000 with Jewish Chronicle and the total circulation is 41,000. So you see it is close exactly one-third.

Mr. HUGHES. The answer to Mr. Gallagher's question would have to be calculated from the volume 8 and 1 of your brief?

Mr. ROSEN. Yes, it would. I imagine though it is about comparative. I imagine that 60 percent - I cannot state definitely, of course - represents approximately 60 percent of the production alone. Will you break this statement?

PRESIDING OFFICER DOUC. Do you have it Mr. Hughes?

Mr. HUGHES. Yes.

PRESIDING OFFICER DOUC. Have you four copies of this?

Mr. ROSEN. Every one also has a copy. Mr. Ward has a copy, Mr. Lyons has a copy and Mr. Ehrlich has a copy.

PRESIDING OFFICER DOUC. That so we will have four copies for the record.

Mr. ROSEN. I have another copy, but I want to copy the names off.

Mr. WARD. This will be sufficient.

PRESIDING OFFICER DOUC. The report may now proceed entirely.

Comparative statement showing results by 00 customers of the Jewish Chronicle, Ltd. water control Chemicals plant for filtered for 1969 and water treatment plan proposed by Millard Essso, President of milk Company", one copy being

introduced at the hearing, one copy having been given to Mr. Gallehue, one copy to Mr. Ward and one copy to Mr. Brown, to be supplied by them and attached to their transcript, is offered in evidence and market Exhibit 3 and may be attached to the record.

(This document entitled "Comparative statement showing result to 99 customers of the Downing Company, Inc. under Control Committee plan for allotment for 1935, and under substitute plan proposed by Millard Reese, President of said Company" as submitted by Mr. Reese, was marked Exhibit No. 3, and is attached to this record.)

PRESIDING OFFICER COOK. Any questions of Mr. Reese from the floor?

(No response.)

PRESIDING OFFICER COOK. Any statements from any one from the floor in favor of Mr. Reese's plan?

MR. SPEE. Mr. Chairman, I am wondering if you are not going to continue to read the rest of the plan. I would suggest that it be read.

PRESIDING OFFICER COOK. All right, we will do that.

(Section 7, Section 8, Section 9, Section 10, and Section 12, on pages 37 and 38 of the marketing agreement were read.)

PRESIDING OFFICER COOK. Are there any statements by any one?

TESTIMONY OF J. G. PACE, PENSACOLA, FLORIDA, REPRESENTING PACE BROTHERS.

(The witness was duly sworn by the Presiding Officer and testified as follows:)

PRESIDING OFFICER COOK. What is your name and address?

MR. PACE. James G. Pace; Pensacola, Florida.

Mr. Chairman and gentlemen of the Committee: I am no technician and I do not know anything about technocracy, but I have heard a lot here yester-

introduced at the meeting, has been given to Mr. Mallons, one copy to Mr. Lord and one copy to Mr. Brown, to be supplied by them and attached to their transcripts, is offered in evidence and marked Exhibit E and may be attached to the record.

(Main Government exhibit "Comparative statement showing result to 27 customers of the Downing Company, Inc. water Control Committee plan for allotment for 1958, and water subsidiary plan proposed by Mallard Hoses, President of said Company" as submitted by Mr. Hoses, was received Exhibit No. E, and is attached to this record.)

PRESIDING OFFICER COOK. Any questions of Mr. Hoses from the floor?

(No response.)

PRESIDING OFFICER COOK. Any statements from any one from the floor in favor of Mr. Hoses's plan?

MR. BROWN. Mr. Chairman, I am wondering if you are not going to continue to read the rest of the plan. I would suggest that it be read.

PRESIDING OFFICER COOK. All right, we will do that.

(Section 7, Section 8, Section 9, Section 10, and Section 14, on pages 37 and 38 of the marketing agreement were read.)

PRESIDING OFFICER COOK. Are there any statements by any one?

TESTIMONY OF J. O. PACK, PERRYVILLE, FLORIDA,
REPRESENTING PACK BROTHERS.

(The witness was duly sworn by the Presiding Officer and testified as follows:)

PRESIDING OFFICER COOK. What is your name and address?

MR. PACK. James E. Pack, Perryville, Florida.

Mr. Chairman and gentlemen of the Committee: I am no technician and I do not know anything about technology, but I have heard a lot here yester-

day and today and in my opinion it would take one of that capacity to understand the changing of all of this phraseology and these clauses, these articles, these lines and the method of percentage in working it all out. I do not believe in regimentation in commercial life. If that is going to be thrust upon us, let us have it for as short a time as possible. If you regiment back far enough, you will find that the two partners that were connected with me once made more turpentine than anybody else in America. At that time we made large amounts of turpentine. We grew our own timber. In our last operation, as far back as nine years ago, we started operations in a small way on a particular track of land in the longleaf pine variety. We had a small operation over there making five to six hundred barrels. We did not put up any in five years. Last June, a year ago, we began making preparation for a small operation for no other purpose than to pay taxes and to give employment to those who were working for us.

We started that operation in June, 1933. We began to buy and arrange for cups in August and September. We put these cups up in the fall of 1933 and did everything to get fixed for an operation in 1934. 1934 came. We were given an allotment over there. My boys, I am speaking about now, are operating this piece on a percentage basis and they were led to believe they would get eight or nine hundred barrels of turpentine out of asking for twelve or thirteen hundred. They got a final allotment of 584 barrels. They had already made that up to that time. The field agent from the forest section of the government came along and there was nothing else to do but shut the business down.

I came down to Jacksonville and went before the Control Committee and told them that 381,000 barrels of turpentine would not be sufficient

day and today and in my opinion it would take one of that capacity to understand the changing of all of this phraseology and these clauses, these articles, these lines and the method of procedure in working it all out. I do not believe in regimentation in commercial life. If this is going to be thrust upon us, let us have it for as short a time as possible. If you regiment back far enough, you will find that the two products that were connected with no more made more difficulties than anybody else in America. At that time we made large amounts of turpentine. We grew our own timber. In our last operation, so far back as nine years ago, we started operations in a small way on a particular track of land in the longest pine variety. We had a small operation over there making five to six hundred barrels. We did not put up any in five years. Last June, a year ago, we began making preparation for a small operation for no other purpose than to pay taxes and to give employment to those who were working for us.

We started that operation in June, 1932. We began to buy and arrange for cups in August and September. We put those cups up in the fall of 1932 and did everything to get ready for an operation in 1934. 1934 came. We were given an allotment over there. My boys, I am speaking about now, are operating this place on a partnership basis and they were led to believe they would get eight or nine hundred barrels of turpentine out of mating for twelve or thirteen hundred. They got a final allotment of 300 barrels. They had already made that up to that time. The field agent from the forest section of the government came along and there was nothing else to do but shut the business down.

I came down to Jacksonville and went before the Circuit Committee and said that 300,000 barrels of turpentine would not be sufficient

turpentine to make in this country to give the people following that occupation a livelihood and living. I told them that early in the spring. Later on they changed that to 436,000 or some such percentage. How they got it up I do not know, but when they found last year's total crop had produced, I think it was 516,000 barrels. I still maintain it takes 450,000 barrels of turpentine to give the people engaged in this industry a living in this country and I do not know how they are going to do it and sell it in a broken world and get the profit they want for themselves.

I want the Committee and these gentlemen to understand that anything I say is from a selfish standpoint because I am for the man that works in the woods and the man who gets his living out of the occupation. When it comes to the tax matter, I do not know how the boys got their taxes, but I do know they had to sell the turpentine not long ago. They paid the taxes on that and the balance is there and the tax is not paid on the timber.

There were some things said here yesterday that I sort of liked. I like the statements from the standpoint that it will perpetuate something and that is, after a tree has been turpentined to not permit that tree to be turpentined on the other side until it is 12 inches. This government cannot conserve these forests like they should be on account of the selfishness upon the factors and the operators. These forests furnish a living for the people in the South. I have made statements that I would rather have a longleaf pine tree for a tomb stone and for a foot stone than anything else in the world. When we are trying to go ahead and do these things the way we are trying to do them, I cannot help but think there must be some selfishness in it. There is none of that in me and I will attempt it under either or both plans. They got me any way you make it. I will invite you men to come over here and try

tungsten to help in this country to give the people following that tungsten a livelihood and living. I said then that early in the spring, later on they stepped that to 25,000 or more with pressure. How they got it up I do not know, but when they found last year's record was produced, I think it was 22,000 barrels. I still maintain it takes 25,000 barrels of tungsten to give the people engaged in this industry a living in this country and I do not know how they did it but well it is a broken world and get the profit they want for themselves.

I sent the Committee and those gentlemen to understand that mining I say is from a digital standpoint basis. I go for the man that works in the woods and the man who gets his living out of the mountains. When it comes to the tax matter, I do not know how the boys got their money, but I do know that had to sell the tungsten not long ago. They paid the taxes on that and the balance is gone and the tax is not paid on the timber.

There were some things said here yesterday that I more of liked. I like the statement from the standpoint that it will perpetuate something and that is, after a time has been tungsten to not permit that time to be tungsten on the other side until it is in the lower. This government should conserve these forests like they should be on account of the existence upon the factors and the operators. These forests furnish a living for the people in the South. I have made statements that I think either make a logical plan here for a long time and for a fact even the lumbering also in the world. But we are trying to go about and do these things the way we are trying to do them. I cannot help but think there must be some satisfaction in it. There is some of that in me and I will attempt it under either or both plans. They do not say you can take it. I will invite you men to come over here and try

to work mine that I got started, and I will tell you before you come there will never be another pine tree on my land as long as I pay the taxes and try to conserve it. Just work out what I have got, allow me to sell what I got and you are done with me operating in turpentine. If I sell turpentine at less than the loan value I think I am bootlegging. You know, Mr. Ward, how I feel about this business. Let me tell you this, we are all trying to get everything out of this we can. I do not understand that kind of thing in commercial life.

We are trying to do something, the factors are trying to do something and I want to hear some man tell me why. I heard yesterday a man in the hotel say that one fellow had offered $300 a thousand for cups. I am not for cutting the timber for six years. That was based on no other than the government loan value for this turpentine.

Now, let us settle this thing harmoniously if we can do it,but the less time you regiment it back, the better off you are. I do not believe in regimentation. I used to run a tramroad with a steam engine, but I never put steam on an engine and the breeks at the same time and the reverse. I never got anywhere behind a red light and I want to stop, but just in the fix they have got me now I cannot stop. I am willing to stand by the government in what they do other than to borrow from the government to get the right to sell turpentine.

Now, in reference to tags, let me make a suggestion. Let us have this tag business settled and the tag price lodged in Washington. If you own the tags, send to Washington for a price to be fixed and if you have more than your allotment to sell, let Washington regulate the tags. I should like to say something else. Let all those fellows who are anxious to make turpentine and pay the price, pay the national government so much to make the turpentine

to make sure that I get started, and I will tell you before you come there
will never be another pin-ball machine in Illinois as I put the laws into
try to conserve it. Just work out what I have got, allow me to sell what I
got and you are done with me operating in Springfield. If I sell Springfield
at less than the loss value I think I am be illegal. You know, Mr. Ward,
that I feel about this business. Let me tell you this, we are all trying to
get everything out of this we can. I do not understand that kind of thing
in commercial life.

We are trying to do something, the fathers are trying to do something
and I want to know what can tell me why. I heard yesterday a man in the
hotel say that one fellow had offered just a thousand for sign. I am not for
putting the tribes for six years. That was based on no other than the govern-
ment loss value for this Springfield.

Now, let us settle this thing harmoniously. We can do it, but the
one time you judgment it back, the better off we are. I do not believe in
agitation. I used to run a terrapin with a three engine, but I never put
less on an engine and the bumps at the same time and the reverse. I never
got anywhere behind a red light and I want to stop, but just in the fix they
are for me now I cannot stop. I am willing to stand by the government in
that day to carry this to honor from the government to put the right to will
appreciate.

Now, in reference to tags, let me make a suggestion. Let us have this
Washington matter and the tag price legal in Washington. If you can the
one, send to Washington for a price to be fixed and if you have more than your
lowest to sell, let Washington regulate the tags. I should like to say
another also. Let all those fellows who are anxious to make Springfield and
of the state, pay the national government as much to make the Springfield

consumed in this country and let them make turpentine to go to the other countries, all they want, if they can.

I have heard a lot of wrangling and there is selfishness in it, nothing more than selfishness.

I have some second growth timber, and I have been at this business for 47 years. I have grown the timber and I have tried to carry on this work. Let me tell you something else. Before I shut that place down I went to the Control Committee and told them that I had three propositions to make. One is if you will allow me to carry on the operation I will not sell it and I will pay the people off until I am permitted to sell it and pay the taxes. The next thing is if they permit me to put it in a storage yard where the tanks are built and put it in a storage tank and pay the charges and care for it in a proper way by putting new turpentine in to keep the old turpentine from deteriorating, I will put it there. I had some there in the tanks until the last few weeks. Less than eleven days ago it was sold for 41 cents.

Am I a citizen of America, and if I am a sorry one I will leave it to you. We have to have something else in this country. We cannot satisfy all of these producers and the factors this way. Let us let Washington fix it and let them do it, but in fixing it, let us conserve the timber and if you will back box this timber and let the longleaf pine be back boxed, it will take years to do it and that is the only conservation I know of that will keep the timber for this country and the government. We are spending a great amount of money trying to protect the forest and trying to keep something for the future and here we are trying to lug the turpentine out of every little tree and get it before the tree is full grown. I cannot help but think of all of these things here. 450,000 barrels of turpentine is plenty small for a crop in this country.

[illegible] in this country but then made temptation to go to the end country, all they want, it they can.

I have heard a lot of thoughts and there is multitudes in it, nothing more than [illegible].

I have read about [illegible] stuff, but I have been in this business for 47 years. I have gone the right and I have tried to carry on this work. I [illegible] all you [illegible] else. Before I met that plan, then I was in the Central Committee and told them that I had three propositions to make. One is if you will allow me to carry on the operation I will not sell it and I will pay the people off until I am permitted to sell it and pay the bonds. The next thing is if they permit me to put it in a storage yard where the trucks are built and put it in a storage [illegible] and pay the charges and save for it is a proper way to protect our temperature in to keep the old temperature from deteriorating. I will put it there. I had some there in the trucks until the last few weeks. Less than eleven days ago it was sold for el cents.

Am I a citizen of America, and if I am a merry one I will leave it to you. We have to have something else in this country. We cannot satisfy all of these producers and the factors this way. Let us let [illegible] fix it and let them do it, but in fixing it, let us preserve the timber and if you will book box this timber and let the logical plan be back home, it will take years to do it and that is the only conservation I know of that will keep the timber for this country and the government. We are spending a great amount of money trying to protect the forest and trying to keep something for the future and here we are trying to lay the temperature out of every little tree and get it before the tree is full grown. I cannot help but think of all of these things here. [illegible] of [illegible] is [illegible] [illegible] in this country.

I have my own philosophy about turpentine and I will give it to you. Mass production with mass consumption will furnish purchasing power to the masses to consume. Controlled production and higher prices destroy the purchasing power of the masses. They cannot obtain in order to consume. That is my own philosophy. I do not know how it will work, but I am willing to risk it. I am willing to fall or stand on a policy that is built on a fundamental foundation or principle. When the Control Committee says we have to have $68 to $75 a unit, I say you cannot sell it to a broken world for that. You cannot get rid of it for the price we want for it. If the government increases the loan value, is it possible that every man listening to me will not cooperate with the government to make less turpentine and as little as possible? Let us make it voluntarily without having any technician tell us how much we are to make and what ratio or percent and all of that. It is the duty of every man here to try to cooperate with the government, but when the government voluntarily gives it to one man, one man is qualified to get it and the other man cannot, I do not know what is going to come of it.

Now, you people who want to buy timber, let me say this. My timber is the longleaf variety. I have a C.C.C. camp protecting it. You cannot burn my woods. Work my timber on a percentage basis or any other way. I am signed up to give $50 reward for a man caught burning the woods. I am going to try to protect it. I have done so for 30 years. Now, I got it and I cannot protect it and the mistake I made was in keeping it that long, but I love it. I cannot get it out of my system and I still think a lot of it, but if you want to start what has been started, what is already in operation, just come over there and work it and pay a percentage, but you will have to work it out and

I have my own philosophy about temperance and I will give it to you. That problem with some consumption will turn to punishing power to the masses to remedy. Unlawful production and higher prices destroy the purchasing power of the masses. They cannot obtain in order to survive. That is my philosophy. I do not know how it will work, but I am willing to work it. I am willing to fall or stand on a policy that is built on a fundamental foundation or principle. Then the Control Committee says he have to have GOD to give a vote, I say you cannot call it a broken world for that. You cannot get rid of it for the price we want for it. If the government increases the liquor value, is it possible that every man listening to me will not cooperate with the Government to make laws honestly and as little as possible? Let us make it voluntarily without having any violations tell us how much we are to make and what ratio or percent and all of that. It is the duty of every man born to try to cooperate with the government, but when the government voluntarily gives it to one man, one man is qualified to get it and the other man cannot. I do not know what is going to come of it.

Now, you people who want to buy timber, let me say this. My timber is the highest variety. I have a G.C. camp producing it. You cannot burn my wood. Take my timber or a lumbertage beside of my other day. I am ready to give GOD record for a hard thought during the week. I am doing to try to produce it. I have done so for 30 years. Now, I get it and I cannot produce it and the minute I work for to raising it that hour, we have it. I already got it and or in stolen and I will take a lot of it, but if you don't to start that has been started, what is already in operation, just come over there and work it and pay a percentage, but you will have to work it out and

you will never work another tree that belongs to me when that is finished and we keep the land and we pay the taxes.

I thank you.

MR. SAPP. Mr. Chairman, I am vice president and manager of the operators factorage company and I wish to be recorded as favoring the suggested amendment on the basis of the allotment contained in the proposed marketing agreement and proposed amended license, as proposed by Mr. Reese.

At this time I wish to clarify the situation as regards operators and factors at one or two places I am interested in. We fought this proposition from the beginning; that is, this marketing agreement. We thought we would be better off without it. We may or may not have been, but today with changed European conditions and perhaps with conditions as they are in other parts of the world, it would be disastrous to try to go along without this agreement. At this time we favor the continuation of it.

We are much opposed to the inequalities that crept into the basis for making allotments and we want to see them removed. We believe if they are removed and if these allotments are put upon a just basis that the Control Committee and the Government, if you please, will have almost if not wholly 100 percent cooperation. With these inequalities left in as the basis of allotment you will have resentment and more or less trouble so long as it exists.

I thank you.

PRESIDING OFFICER COOK. Are there any questions from the gentlemen?

MR. HAMILTON. I did not understand what you said about making a change and having resentment.

MR. SAPP. Unless the injustices and inequities are removed from the basis for making allotments, there will be resentment so long as the market-

you will serve such another-- are not helpful in at one that is fitting and we may be just as well by the house.

I thank you.

MR. ALLEN. Mr. Chairman, I am vice president and manager of the Quarter Factories company and I wish to be recorded as favoring the suggested amendment on the basis of the allotment contained in the proposed matching statement and proposed amended language, as presented by Mr. Brown.

At this time I wish to clarify the situation as regards operation and failure of one or two plants I am interested in. As Iought this operation from the beginning; that is, this matching amendment. As I recall we would be better off without it. We may or may not have been, but today with changed Europeans conditions and European relationships be they are in other parts of the world, it would be dangerous in my to go along without this agreement. At this time we favor the continuation of it.

We are much against to the inequalities that might lie the basis for making allotments that we were to use this remained. We believe if they are removed and if these allotments are put upon a just basis that the Central Committee and the Government, if our plants, will have almost if not equally 100 percent cooperation. With these inequalities left in as the basis of allotment you will have resentment and sure as life breaks we lose so it exists.

I thank you.

PRESIDING OFFICER JOHN. Do there any questions from the committee?

MR. BARTLETT. I had not mentioned that you had been making a change and having resentment.

MR. ALLEN. Taken the interpretation and inequalities are removed for the basis for making allotments, there will be resentment as long as the market-

ing agreement stands.

PRESIDING OFFICER COOK. Anything further?

(No response).

PRESIDING OFFICER COOK. Any questions from the Bench?

(No response).

PRESIDING OFFICER COOK. I do not feel it is necessary for the record to have these different men get up and sponsor or say that they agree with some one else or anything of that kind. Of course, you want to show your feeling that you are for a certain agreement, but whether you are for a program or not is not the main issue here. If it is, how is that program going to affect certain individuals or affect the industry as a whole? Of course, we like to get the ideas and the opinions of you gentlemen, but we have men who will be working this program out if we have the facts as to how it affects you or some other individual or how the whole program will affect the entire industry. That is what we are after and not whether you are for one program or the other program, because the program that will be of the greatest benefit to the industry generally and the one which will do away with inequalities will be the program that will be worked out by the Department through the cooperation of the men who have so whole-heartedly offered their services and time and who have given their services and time in working out these different facts which will be used by the Department. We will proceed.

MR. BOYKIN. Mr. Chairman, for my own company and those whom I represent, I wish to endorse the proposed plan as submitted by Mr. Reese.

PRESIDING OFFICER COOK. We will recess until 1:45 o'clock.

(At 12:30 o'clock p.m., a recess was taken until 1:45 o'clock p.m., of the same day.)

ing agreement stands.

PRESIDING OFFICER (Mr. Anderson) Further

(No response).

PRESIDING OFFICER (Mr. Anderson) Any questions from the House?

(No response).

PRESIDING OFFICER (Mr. Anderson) I do not feel it is necessary for the House to have these different rules get in and squabble or say that they agree with some one else or nothing of that kind. Of course, you must be also your feeling that you can for a certain amount, but whether you can say a program or not in our We only have here. If it is, the is that program going to affect certain individuals or affect the industry as a whole? Of course, we like to get the issues and the opinions of you members, but we have men who will be working this program out if or have the force to be it affects you or some other individual in how the right persons will affect the entire industry. That is what we are after and not whether you are for one program or the other program, because the program that will be of the greatest benefit to the industry generally and the men which will do most with responsibilities will be the program that will be worked out by the Department through the cooperation of the men who have so conscientiously offered their services and time and who have given their services and time in working out these different plans which will be used by the Department. We will proceed.

Mr. BOYCE. Mr. Chairman, for my own memory and there when I represent, I wish to mention the previous plan as explained by Mr. Davis.

PRESIDING OFFICER. We will answer until 1:45 o'clock.

(At 12:30 o'clock p.m., a recess was taken until 1:45 o'clock p.m., of the same day.)

AFTERNOON SESSION

PRESIDING OFFICER COOK. The hearing will come to order.

MR. PACK. Mr. Chairman, and gentlemen of the Committee: Having heard the various opinions that have been expressed here among the factors, turpentine producers and land owners, I want to say something that will be good for the future generation and for the government in what they are trying to do and which in my way of thinking it would be well for all to put into practice. I hold in my hand a requirement made to me as a land owner by the Forest Section of the Agricultural Department, demanding of me to grow timber and what I should do and what I should not do. That is, to try to protect this timber and grow the timber to a sufficient age where it will be of commercial value. We cannot do that in Florida or southern Alabama. I have been in the business for over thirty years. There was an expression or a resolution made here yesterday by Mr. Kircher who is in charge of the Southern section and it was the best thing I heard. There was some friction here in the house over the 12 inches. Now, the 12 inches, after a tree has been turpentined, is the only solution that will save that tree for the future in what the government is trying to spend money in maintaining. I say, let us put all of that under the supervision of this government and say how much you will turpentine, what kind of tree, what sized tree shall be turpentined and the species of trees. I am willing to let it up to them as a land owner. But under this present set-up I pay taxes on the land and I cannot make it. It was illustrated to you if a man lost his lease or his lease expired he can go over and lease somebody else's timber, or my timber and with all this regimentation back I cannot sell out. I would rather say let the government regulate the size of timber and all that that a man shall turpentine on his place and I will put through a resolution --

Mandatory Uniform Code. The hearing will come to order.

Mr. Mills. Mr. Chairman, the questions of the Constitutional Convention and the various opinions that have been rendered have taken the structure of operation prescribed for last counsel. I want to say something that will be good for the future generation and for the government in which they are trying to be and which in my way of thinking it would be well for all to put into practice. I hold in my hand a very eloquent and, in my opinion, just opinion by the Federal Judge in the Institutional Department, Department of our to give thought and what I should do and what I should say is. That is, we for to protect this Union and give the Union in a practical way where it will be of commercial value. To answer in that to Judge in written statement. I have been in the business for over fifty years. There was an appointment or a nomination made here yesterday by Mr. Kimbro who is in charge of the Southern Section and it was the best thing I heard. There was some criticism here in the House over the Jackson. Now, the Jackson, after I have been there time. In the only criticism that will ever hit close for the future is that the government is trying to open honest in Washington. I say, let us put all of our value the appreciation of this government and my hat was such you will understand, what kind of time, what kind was which is appreciated and the service of them. I am willing to let it go to show on a last story. Mr. Chairman, at-ten I get here on the last and I hear this. If the illustration to you if a man lost the lower article in the mining in his eye and lost another eye's vision, or my finger and that will this requirements and I cannot call it. I will write my in the government regards the site of them and all have had a man will argument in the side and I will put through a realize —

PRESIDING OFFICER COOK. We are not in a position to accept that. This is no place for a resolution.

MR. PACE. All right, let us hold up the resolution. Here is a man that owns the land and has to pay taxes on the land and tries to take care of the timber and to conserve it for the future and another man gets a lease and cuts it off in any size. That all leads to difficulty and this by reason of the fact the government loans $50 a unit. He can go on into somebody else's territory and regiments back. I am willing, as I stated heretofore, to let this thing be governed by the government along Mr. Kircher's idea, 12 inches after it has been turpentined. Let it grow 12 inches before another turpentine operation can be performed on the same tree.

PRESIDING OFFICER COOK. Do you have something you want to introduce?

MR. PACE. Yes.

PRESIDING OFFICER COOK. The record may show the offer of a blank contract, entitled Escambia Land and Manufacturing Company, appointment Forest Fire Warden, offered by Mr. Pace. There being only one copy, this may be written into the record.

(The document referred to is as follows:)

ESCAMBIA LAND AND MANUFACTURING COMPANY

APPOINTMENT FORREST FIRE WARDEN

PACE
Unit

Name

Address

You are hereby appointed to the position of Forest Fire Warden in District _____of the _____Unit, said district comprising ____acres. Your appointment will be come effective_____of this year and will end June 30, 1935. However, you will be subject to reappointment at that time for another,

year, provided your services have been satisfactory and we decide to continue with the work.

For your services in the prevention and suppression of fires in your district you will be paid $_____every three months, whether any fires occur or not. At the end of each three months' period in which no fires occur in your district, you will be paid an additional $_____, On July 1, 1935, you will be paid a bonus of $_____, if not to exceed three percent of your district has been burned (exclusive of fire lines). If no fires have occurred in your district by July 1, you will be paid an additional bonus of $_____. Therefore, if no fires occur in your district during the entire year, the total amount you will receive will be $_____.

There will also be given to anyone a reward of $50 for the arrest andconviction of anyone burning protected woods in this area.

Each warden will be expected to report all fires. Forms will be furnished for this purpose and the report must be ready for mailing by not later than the first day after the fire, and mailed or handed in at the first opportunity.

Approved by:_____
ESCAMBIA LAND & MANUFACTURING CO.

_____
Forest Warden

MR. HUXFORD. May I ask Mr. Pace a question?

PRESIDING OFFICER COOK. Yes.

MR. HUXFORD. Mr. Pace, what are you going to do in the case of a land owner that loses more money on his land than he can pay taxes for?

MR. PACE. Mr. Chairman, may I illustrate the thing to answer the

year, provided your services have been satisfactory and we decide to continue with the area.

The year starters is the pre-emption and transmission of films in your district you will be paid $_____every three months, whether any films come to us. At the end of each three months' period we shall re-view matter in your district, you will be made or demoted $_____. In fact, 1920, you will be paid a flat rate of $_____, if not to exceed three thousand of your district and ever normal (excluding of fire 12 too). If we find have exceeded in your district by fifty %, you will be paid in addition a bonus of $_____. Therefore, if we find that in your district (using the entire year, the total amount you will receive will be $_____.

There will also be given to anyone a reward of $50 for the arrest prosecution of anyone burning protected woods in this area.

Our motion will be connected to report all fires. Terms will be formulated for this account and it is very easy to write for notice by not later than the first of after the fire, and failed to report it is the first opportunity.

Yours truly,

_____

_____

question.

PRESIDING OFFICER COOK. Yes.

MR. PACE. What are we going to do? We are going to do this. In Florida it is the sentiment of the people here, and the government has spoken it, that these old dates and these old things have to be regulated down in keeping with what a man has got to pay. If you owe more than you are worth, what is the use of hanging on? Straighten it out. If it is taxes, they will have to take your land and they will take it. With 16,750,000 acres off the tax books - is that what you have reference to?

MR. HUXFORD. I just wanted to know how you were going to carry your land.

MR. PACE. You cannot carry it the way you turpentine these little trees under the regimentation plan. You cannot make enough out of the little ones to turpentine because you destroy what is coming on.

PRESIDING OFFICER COOK. Let us not argue that question any further. Is there anything further on the program, as set forth by Mr. Reese?

MR. REESE. Mr. Chairman, I have an amendment that I want to offer to the substitute plan. In offering this, I want to make it clear that the language has not been as carefully thought out as it ought to be. So far as the language is concerned, I think we can hope to revise that later if we find it is not in exact accordance with what it ought to be.

The amendment proposes to strike paragraph (d) of Section 7 appearing at page 37. I will read the provision to be eliminated:

"The basis of allotment stated in the foregoing paragraph shall be subject to the following modifications: In the event any old or new processor in 1935 failed to produce during that year the full amount of his allotment for that year, that producer's A shall be the quantity actually produced by him (whether actually marketed during the year or not), instead

of the quantity alloted to him for the year."

I will state that since the hearing this morning, my attention has been called to the fact that there are in existence certain turpentine leases under which the lessee is cutting ahead of a sawmill operation and the lessor reserves the right to designate during any given year an indeterminate quantity of lumber to be worked for turpentine during that year; hence it well may happen that a lessee in such situation may not require the full quota to which he was entitled or alloted, I should say, during 1934, but may require it during 1935. In view of that situation I desire to offer this amendment to eliminate that provision.

The next amendment is to strike Section 10, commencing near the bottom of page 37 and insert in lieu thereof language that I will read in a moment.

Section 10 now reads as follows:

"After the year 1934 no processor shall be entitled to any preferential treatment on account of the terms of a pre-existing lease; provided, nothing herein contained shall limit or modify the right of the Control Committee to consider any such case as a distress case, and to give such relief as the Committee may feel the peculiar circumstances of the case authorized and as the Committee may be in position to give in fairness to other distress cases."

In that connection, Mr. Chairman, I desire to say that my attention has been called since the hearing this morning to the situation confronting certain holders of the so-called preferential leases where, as stated in connection with the other amendment proposed, they are under contract with the land owner to operate or open up and put in operation a specified quantity of timber at the discretion of the land owner. Under the substitute as framed, this consideration was given to the holders of these preferential leases.

There the average upon which their allotment for 1935 would be based was fixed on the same basis as the average of any other processor. That is, production during 1933 plus the 9 months allotment during 1934, to be divided by two and obtain the average. Of course, if they received preferential treatment for 1934, that preferential treatment would enter into their base figure. Now, these gentlemen are afraid that the provision made for their protection under the substitute plan is not sufficient to afford that protection, and I certainly have no desire to inflict any hardship or to create any cases of distress that do not already exist.

The substitute language proposed is in part a paraphrase of the language now contained in the existing marketing agreement and which is found in the proposed new marketing agreement with an addition. The amendment offered would make Section 10 read as follows:

"The Control Committee shall have the right to adjust the allotment or quota of any applicant to accord with the terms of a lease or other contract existing prior to February 21, 1934, requiring the working of a minimum number of crops. If deemed best by and with the consent of the Secretary, the Control Committee shall have the right to increase the total crop that may be marketed during a given year by not more than one percent to take care of such preferential cases."

The thought there with reference to the latter sentence is this: These preferential cases may not be determined until after the allotment shall have been made for a given year. As a matter of fact, I think it would be decidedly disadvantageous to compel the applicant for a preferential treatment and the Control Committee to undertake to decide in the fall of 1934 what preferential treatment that particular processor will be entitled to for 1935. It may be that under the terms of his lease the land owner has the right to act

Years the allowance upon which their allotment for 1939 would be based was fixed on the same basis as the average of any other processor, that is, production during 1938 plus the 9 months allotment during 1938, it is divided by two and obtain the average. Of course, if they received individual allotment for 1938, that preferential treatment would enter into their figure. Now, these gentlemen are afraid that the provision made for their production under the preferential plan is not equivalent to actual base production, and I certainly have no desire to inflict any hardship or to create an inequitable situation.

The substitute language proposed in its part a paragraphs of the Senator Ken Schlund in the amending agreement and which is found in the proposed new marketing agreement with an addition. The amendment offered would make Section 10 read as follows:

"The Control Committee shall have the right to adjust the allotment or quota of any applicant to exceed at its base of a lesser or other commodity beginning prior to February 21, 1938, requiring the working of a minimum number of days. If deemed best by and with the consent of the Secretary, the Control Committee shall have the right to increase the total crop that may be marketed during a given year by not more than one percent to take care of such preferential cases."

The thought there with reference to the latter sentence is that these preferential cases may not be determined until after the allotment shall have been made for a given year. As a matter of fact, I think it would be practically impossible to compel the applicants for a preferential treatment and the Control Committee to hold bales to decide in the fall of 1938 what preferential treatment that particular processor will be entitled to for 1938. It may be the case in some of the large cities the case may be the right to sell

after the Control Committee in the natural order of things would meet and make allotments for the following year. We just do not know about those things. At least, I do not know. The thought is that if allotments have once been given out, it would be just too bad to have to reduce those allotments in order to take care of any cases entitled to preferential treatment that might not have been acted upon by the Control Committee at the time the allotments for the succeeding year were made up and announced.

It seems to me that the provision giving the Control Committee, with the consent of the Secretary, the right to increase the crop by not exceeding one percent to take care of such cases is wise and ought to satisfy the situation. I may add in that respect that my information is that the total quantity awarded during 1934 to preferential cases, in addition to the allotments to which those preferential cases were entitled on a basis of the four-year average, amounted to less than 2,500. Indeed, my information is that those units represented less than 2,200. It is safe to say that they represented less than 2,500. So that if we give a margin of one percent, which on the basis of the crop ordered for 1935 would be 4,500 units, it certainly seems that that quantity would be ample to take care of the preferential cases. In addition to that, it is not intended by the amendment to limit the Control Committee to using the additional quantity that may be ordered to be marketed exclusively - using that and nothing else I mean - to take care of these preferential cases. I do not know whether it is entirely clearly expressed or not, Mr. Chairman, but the thought upon it is that if the Control Committee found that they could without doing injustice to distress cases provide for this additional quantity out of the equalization supply, that, of course, would be first consumed. But the purpose of the latter provision of the amendment is to give the Control Committee the opportunity to exercise some discretion,

subject to the approval of the Secretary, after the total crop shall have been fixed, if necessary, to take care of these leases entitled to preferential treatment.

Mr. Chairman, have I made perfectly clear the purpose and object of the amendment?

PRESIDING OFFICER COOK. Yes.

MR. REESE. Thank you.

PRESIDING OFFICER COOK. Anything further on Mr. Reese's amendment? We want to get Mr. Reese's amendment, then we will get the proposals to the agreement, then general amendments or amendments to those two, if we can. What is yours, Mr. Benedict?

MR. BENEDICT. It has something to do with both.

PRESIDING OFFICER COOK. Perhaps we should hear from Mr. Spek first.

MR. SPEK. In the first place, Mr. Chairman, I feel that I should make this statement on behalf of the Control Committee and it is being made upon their instruction.

The Control Committee wants me to make their position perfectly clear. They are not rejecting or accepting the proposed method of making allotments. They are approaching the problem with an open mind. They are making as complete analysis, study, and comparison of this method with the method now in existence as is possible. As Mr. Reese pointed out this morning, it has taken longer than we had hoped for. The deeper we get into it the more fearful we are of making a mistake; therefore, we ask that time be given us to prepare additional information and on the basis of that, when the Control Committee does arrive at a decision it feels as though it is going to be able to sustain that and not regret the decision and, possibly, as Mr. Reese says, to leap in the dark. I would like to say this also. I am not going to let Mr. Reese outdo me. We

subject to the approval of the Secretary, under the draft [illegible] have first, if necessary, to take one or [illegible] issues affecting on potential investors.

Mr. Chairman, have I made perfectly clear my position on behalf of the committee?

PRESIDING OFFICER COOK. Yes.

Mr. ERVIN. Thank you.

PRESIDING OFFICER COOK. Anything further on Mr. Jones's amendment to rule 40? Senator Fulbright, if we will get the proposals to the committee, the general statement of conditions to those two, if we can, that is proper, Mr. Secretary?

Mr. ALLOTT. It has something to do with both.

PRESIDING OFFICER COOK. Perhaps we should hear from Mr. Cook first.

Mr. COOK. In the first place, Mr. Chairman, I feel that I should make this statement on behalf of the Control Committee and it is being made upon their instructions.

The Control Committee wishes me to make it perfectly clear. They are not seeking to postpone the consideration of Senate filibuster. They are not seeking the problem with an open mind. They are willing to consider amendments, study, and investigation of this method with the method now in existence as is possible. As Mr. Cooper pointed out this morning, it has taken longer than we had hoped for. The desire to get into it the more thoroughly we see of making a clearer understanding, in the [illegible] to avoid as to protect minority interests and on the basis of that, when the Control Committee does arrive at a decision it feels as though it is going to be able to sustain that and not permit the decision and, finally, as Mr. Cooper said, to have it the same. I would like to see this also. I do not wish to let [illegible] [illegible].

appreciate the cooperation he has shown and the patience he has shown, and I am sure what everyone wants is to get together so that we can have more pleased customers coming to the door of the Control Committee and less disgruntled producers.

It is extremely difficult to define a distress case. We have learned that. You cannot set up specifications. What we did in 1933 and what we have done in reference to the four years may not be the measure of a distress case at all. I have in mind a particular producer who only operated two years extremely low. In 1934 this operator made unusually heavy preparations, so that under any set up that you may have you could not provide one which would particularly take care of this case. You will have to do it though some form of distress fund. For that reason the Control Committee has tried to amend this trouble by its proposal as we will come to it in Article V of the agreement.

PRESIDING OFFICER COOK. Would you care to have that Article read now?

MR. SPEN. I would suggest that when we get to it it may be read. Are you going to read it anyway?

PRESIDING OFFICER COOK. If you are going to discuss it now. Do you want to discuss it now?

MR. SPEN. I was just discussing Mr. Reese's proposed amendment, then probably I thought you would take that up. It will not take a minute.

I would like to inject this thought. Mr. Reese has met the method somewhat by omission of paragraph (d), Section 7; also by his amendment to Section 10. We had in mind suggesting that the only change that be made in Article V, if any change is to be made, would be the substitution of one method of distribution for the other. In other words, and as a matter of

[illegible]

fact, it comes down to the substitution of one basis for the other basis. To carry that out we are suggesting the possible consideration of Mr. Reese's method being amended to the extent that you do not classify two percent, but as a result of the analysis which will be made, you may be able to determine more nearly the exact percentage needed to relieve the distress and if it comes out to three or four percent that that be the percentage to be set aside. With those two changesit does look like Article V as now written in the proposed agreement would probably meet all conditions, with the exception of the basis of making allotments. As a matter of fact, those are the differences. We will offer that for consideration in the final draft, whatever it may be.

There is one other thought I would like to inject, to be borne in mind. That is in reference to the 1933 figure and the weight that is given to 1933. It is not 50 percent. It is more than even the 62 and a half percent, because this allotment there you give it for 1934 only represents 75 percent of the 100 percent, so therefore, these figures for the four years within that group are only receiving 75 percent of value. As a matter of fact, 1933 is receiving I would say very close to 70 percent by weight. It is entirely possible instead of leaving it on that basis that the analysis may show in fairness to everyone possibly some other figure should be taken. We merely throw out that thought so that the record will have the idea in it that some consideration should be given to some other figure if it is found to be better.

One more thing and that is in reference to Section 9. I am not sure that I understand Mr. Reese intends in the handling of all distress cases that the result of the examination of the Control Committee of such distress cases should be first referred to the Secretary for his approval?

MR. REESE. May I answer, Mr. Chairman?

MR. SPEER. I think in Section 9 he says if despite the efforts made to satisfy any inequalities or inequities or hardships that may be developed in the matter of allotment. In other words, I take it that refers to the distribution of the two percent?

MR. REESE. Absolutely.

MR. SPEER. It says that the Control Committee shall hear any such complaint promptly after the same may be brought to the attention of the Control Committee and shall make a recommendation to the Secretary.

MR. REESE. Absolutely.

MR. SPEER. In other words, in the distribution of that distress two percent, it is your understanding that the Control Committee before making the final decision on the distress case shall refer it to the Secretary?

MR. REESE. Absolutely not.

MR. SPEER. Then I do not understand you.

MR. REESE. Perhaps the language I have used is not clear, but the section reads:

"If despite the efforts that have been made to satisfy any inequalities or inequities or hardships that may develop in the matter of allotment, any special cases requiring unusual handling in order to prevent undue hardship, should be presented, the Control Committee shall hear any such complaint promptly after the same may be brought to the attention of the Committee and shall make a recommendation to the Secretary or his duly authorized agent or representative with respect to the handling thereof. And the action of the Secretary or his duly authorized agent or representative with respect to the handling thereof shall be final, legal, and binding, anything herein to the contrary notwithstanding."

Mr. [illegible]. I mean in Section 9 be sure if despite the efforts made to satisfy any inequalities or inequities or hardships that may be involved in the matter of allotment. In other words, I take it that refers to the distribution of the two persons?

Mr. [illegible]. Absolutely.

Mr. [illegible]. It says that the Control Committee shall hear any such complaint promptly after the same may be brought to the attention of the Control Committee and shall make a recommendation to the Secretary.

Mr. [illegible]. Absolutely.

Mr. [illegible]. In other words, in the distribution of that distress land payment, it is your understanding that the Control Committee before making the final decision on the distress case shall refer it to the Secretary?

Mr. [illegible]. Absolutely not.

Mr. [illegible]. Then I do not understand you.

Mr. [illegible]. Perhaps the language I have used is not clear, but the section reads:

"If despite the efforts that have been made to satisfy any inequalities or inequities or hardships that may arise in the matter of allotment, any special cases requiring unusual handling in order to prevent undue hardship, should be presented, the Control Committee shall hear any such complaint promptly after the same may be brought to the attention of the Committee and shall make a recommendation to the Secretary or his duly authorized agent or representative with respect to the handling thereof. And the action of the Secretary or his duly authorized agent or representative with respect to the handling thereof shall be final, legal, and binding, anything herein to the contrary notwithstanding."

Mr. Chairman, I thought that it was clear, and if not, I want it made clear, that this refers to any unusual cases that the Control Committee would not be able to take care of as a distress case. My thought in connection with the last sentence was - in fact I have one such case in mind - that if the party could not measure up to the rather flexible rules, we will say, that the Control Committee would adopt, defining a distress case, but should actually be in distress, the Control Committee still would have the right to recommend that relief be granted in that case, even though it involved increasing the total quantity to be marketed. That was the thought I had in mind.

MR. SPEH. I did not understand you would tie in that section with amended Section 10. That is where my misunderstanding was.

MR. REESE. Regardless of Section 10, the thought was that in this case you mentioned just now where the producer expanded largely for 1934 production, measured by the test of 1935 production, there would not be any distress, and yet, actually there is distress. In that case if the committee cannot find a sufficient quantity out of the equalization supply to take care of that case and all other similar cases, the thought behind this provision is that the Committee shall have the right to recommend it to the Secretary that here is a distress case that we cannot handle. We recommend that this particular processor be given so many units, which may have the effect of increasing the total quantity to be marketed.

MR. SPEH. Do you not think, Mr. Chairman, it would be well to incorporate that idea in there, showing the possible source of that additional allotment?

PRESIDING OFFICER COOK. Whatever you want to do.

MR. REESE. I have no objection to any language you may suggest, Mr. Speh, that will clarify in any respect the intention. It seems to me

Mr. Chairman, I thought that it was clear, and if not, I want it made clear, that this review by any general agency that the Joint Committee would not be able to make over it as a distinct line. My thought in connection with the last amendment was - in fact I have the exact case in mind - that if the Secretary could not recover on the strict liability rule, we will say, that the Joint Committee would adopt, defining a lessee case, but should normally be in distress, the Joint Committee still would have the right to recommend that relief be granted in that case, even though it involved increasing the total quantity to be redetermined. That was the thought I had in mind.

Mr. BROWN. I did not understand you would rule in that section with regard section 10. That is where my misunderstanding was.

Mr. THOMAS. Regardless of Section 10, the thought was that in this case you mentioned just now where the petroleum supplied largely for some production, measured by the test of 1947 production, there would not be any distress, and yet, actually there is distress. In that case if the committee cannot find a sufficient quantity out of the equalization supply to take care of that case and all other similar cases, the thought behind this provision is that the Committee should have the right to recommend it to the Secretary that here is a distress case that we cannot handle. We recommend that this particular resource be given as many units, which may have the effect of increasing the total quantity to be redetermined.

Mr. BROWN. Do you not think, Mr. Chairman, it would be well to incorporate that idea in there, showing the possible source of that additional allotment?

Mr. THOMAS. Whatever you want to do.

Mr. BROWN. I have no objection to any language you may propose.

Mr. HOPE. That will clarify it my concept the language. It seems to me

to be clear, but I am not insisting on that position at all. If you think it is not clear, I will be glad to join you to make it clear.

MR. SPEN. I just want to get that in the record.

PRESIDING OFFICER COOK. The thought is in the record pretty well at the present time without making a specific amendment. At this time I have some letters which I think I better read into the record.

One is addressed to Judge J. G. Gifford, who was formerly designated to preside at this hearing, but who was called into other parts of the country for hearing. This letter is dated November 23, 1934, from Drake and Saunders, Manufacturers of Naval Stores. This letter reads as follows:

"Bonifay, Florida, November 23, 1934,

"Judge J. G. Gifford, Care Control Board, Jacksonville, Florida.

"Dear Sir:

"We wish to enter our complaints on our allotment for our production of Naval Stores for the year 1935.

"We purchased our place here in Bonifay in July 1933, with the full intention of making the place larger, as the place was only a six-crop place when we purchased same. We immediately begin buying turpentine leases on timber, without having ever heard of the marketing agreement which later came into effect. Had we known this we would never have put money in leases on timber. We also make a larger production on this place for the remainder of the year 1933, than had been made any of the previous years.

"We were forced to work this timber that we had leased as we had our money tied up in the leases. And naturally we have become heavily involved due to the fact that we could not sell our Naval Stores products.

"We feel that if we could be allotted according to our 1934 production, we could probably realize our money out of the leases that we have already

to be sure, but I do not hesitate to say publicly to all. If you think it is not clear, I will be glad to put my name to it.

Mr. Ulm. I don't want to let that in the record.

Presiding Chairman Cook. The thought is in the record pretty well at the present time without making a specific amendment. At this time I have some letters which I think I better read into the record.

One is addressed to Judge I. G. Gifford, who was formerly designated to preside at this hearing, but who was called into other parts of the country for hearing. This letter is dated October 28, 1954, from Drake and Saunders, Manufacturers of Naval Stores. This letter reads as follows:

"Bartow, Florida, November 22, 1954.

"Judge I. G. Gifford, Cane Control Board, Gainesville, Florida.

"Dear Sir:

"We wish to enter our complaints on our allotment for our production of Naval Stores for the year 1955.

"We purchased our plant here in Bartow in July 1953, with the full intention of making the plant larger, as the plant was only a six-man plant when we purchased same. We immediately began buying timber like losses on timber, without having over hand of the marketing agreement which later came into effect. Had we known this we would never have put money in losses on timber. We also make a larger production on this plant for the remainder of the year 1953, than had been made any of the previous years.

"We were forced to work this timber that we had leased as we had our money tied up in the lease. And naturally we have become heavily involved due to the fact that we could not sell our Naval Stores products.

"We feel that if we could be allotted according to our 1954 production we would probably realize the same 44% of the lesser 1953 or 1954 figure.

paid out our money on. We are very much in distress and ask that you please give us some consideration.

"Thanking you for your attention to this letter, we are,

"Yours very truly,

"Drake & Saunders,
"By: B. W. Saunders."

I might say that the reading of these letters is a method that we usually follow. If something is left with the Presiding Officer we try to accommodate the parties by putting it into the record. This does not open the whole matter up for discussion, although we feel it advisable to read them into the record.

The other two letters were addressed to the Control Committee and were handed to me at this hearing. They are more in the nature of a complaint to the Control Committee than letters to the representatives appearing here on behalf of the government, but I will read them into the record nevertheless.

The first one is from the Caropa Investment Company of which the Columbia Forests and Farms, Incorporated , is manager. The letter is dated November 26, 1934, and is as follows:

"November 26, 1934.

"Control Committee, Gum Turpentine-Gum Rosin,
"Marketing Agreement,
"Barnett Building,
"Jacksonville, Florida.

"Gentlemen:

"We request that the marketing agreement be amended so that:

"The new owner-processors be permitted to apply for their allotment between June 1st and June 15th. On June 1st of each year, a special allotment of 15,000 units of the next year's crop be set aside for the new owner-

processor by the Control Committee and allotted to the new owner-processors not later than July 1st. of that year. The writer would like to be given the privilege of discussing this with the Control Committee or before the open meeting.

"Respectfully yours,

"Columbia Forests & Farms, Inc.,

"By: M. J. Roess"

Mr. Roess is here and later on in the day after we have had a discussion of these two systems, an opportunity will be given him to make general amendments to whichever system is put in and he may be heard at that time.

The other letter is from S. J. Hall, of Forest Managers, Inc., and is addressed to the Control Committee, dated November 26, 1934, and reads as follows:

"Control Committee, Gum Turpentine and Gum Rosin, Marketing Agreement, Barnett Building, Jacksonville, Florida.

"Gentlemen:

"We request that the marketing agreement be amended so as to set aside 3% or approximately 15,000 units annually for processors who own their own timber land in fee simple.

"This allotment should be set aside on June 1st of each year and new owner-processors allowed to apply for their allotment between June 1st. and June 15th each year. The Control Committee should pass on these applications and issue allotments on or before July 1st.

"The writer would like to be given the privilege of discussing this with the Control Committee or before the open meeting.

"Respectfully yours,

"Forest Managers, Inc., by S.J.Hall.

processor by the Control Committee and allotted to the new owner-processors not later than July 1st. of that year. The meter would like to be given the privilege of discussing this with the Control Committee or before the open meeting.

"Respectfully yours,

"Columbia Forests & Veneer, Inc.,

"By: M. L. Hoose"

Mr. Hoose is here and later on in the day after we have had a discussion of these two systems, an opportunity will be given him to make general amendments to whichever system is put in and he may be heard at that time.

The other letter is from S. J. Hall, of Forest Managers, Inc., and is addressed to the Control Committee, dated November 26, 1934, and reads as follows:

"Control Committee, Gum Turpentine and Gum Rosin, Marketing Agreement, Barnett Building, Jacksonville, Florida.

"Gentlemen:

"We request that the marketing agreement be amended so as to set quota of approximately 12,000 units annually for processors who own their own timber land in fee simple.

"This allotment should be set aside on June 1st of each year and new owner-processors allowed to apply for their allotment between June 1st. and June 15th each year. The Control Committee should pass on these applications and issue allotments on or before July 1st.

"The writer would like to be given the privilege of discussing this with the Control Committee at their meeting.

"Respectfully yours,

"Forest Managers, Inc., By S.J. Hall.

"Agents for:

"The Southern Resin & Chemical Company, "Taylor Naval Stores Company,

"Taylor Land Corporation. "Forestry Associates, Inc."

These matters can be discussed, as I have stated, after we hear discussion on both plans; that is, from Mr. Reese and Mr. Speh and the plan as set out in the proposal. There is a gentlemen here representing the Nelic Resin Corporation who has asked to be allowed to speak next in order to give some amendment of the two plans, whichever one is adopted. After he has had an opportunity to speak, these other men may present their matters or anyone else who may have further amendments to whichever plan is incorporated.

Is there something further, Mr. Speh?

MR. SPEH. No.

MR. BOOTH. Mr. Chairman, I would like to say in reference to the suggested amendment as to the basis of allotment contained in the proposed marketing agreement as submitted and discussed by Mr. Reese this morning, that I wish to register my -

PRESIDING OFFICER COOK. I have already stated that we do not care for registrations of approval or disapproval.

MR. BOOTH. I mean my approval of the proposed change of allotment.

PRESIDING OFFICER COOK. Is that all, Mr. Booth?

MR. BOOTH. With reference to the amendment to same, it occurs to me that might be covered very well as a distress proposition along with other distress cases. I approve this change with this observation or with this statement or objection, rather, to the whole proposition in that it leaves out very largely consideration of the timber owner. In its inception and working out, it seems to presuppose lessee operation and all the plans

"Agenda item:

"To merge to Banks a Trust and Company". "Taylor Naval Stores Company".

"Taylor Land Corporation". "Forestry Associates, Inc."

These matters can be discussed, as I have stated, after we have discussion on both plans; that is, from Mr. Rose and Mr. Cobb and the plan as set out in the proposal. There is a gentleman here representing the Wells Fargo Corporation who has asked to be allowed to speak next in order to give some amendment of the two plans, whichever one is adopted. After he has had an opportunity to speak, those other men may present their matters or anyone else who may have further amendments to whichever plan is identified.

Is there something further, Mr. Cobb?

MR. COBB. No.

MR. BOOTH. Mr. Chairman, I would like to say in reference to the suggested amendment as to the basis of allotment contained in the proposed written agreement as modified and discussed by Mr. Tarr this morning, that I wish to indicate my -

PRESIDING OFFICER. I have already stated that we do not entertain for negotiations of approval or disapproval.

MR. BOOTH. I mean my approval of the proposed change of allotment.

PRESIDING OFFICER. Is that all, Mr. Booth?

MR. BOOTH. With reference to the amendment to case, it occurs to me that right in several very well as a Chinese proposition that with other listing cases. I approve this change with this observation or with this statement or objection, rather, to the whole proposition in that it leaves out very largely equalization of the timber owner. In the investigation and working out, it seems to preserve some equities as at the time

provide for people who are already working and generally as lessees. The timber man who has been devoting his life and his time to the growing of timber is left largely without consideration because of the fact that second-growth timbers from which perhaps more than 90 percent of our production is obtained is the basis of our operation, and they have been grown by timber owners. I find in its operation that as a timber owner I am handicapped to the extent that it is necessary for me to find an operator with that allotment in order to work my timber.

Some seven or eight years ago, I discontinued lease operations because I considered them destructive and almost impossible to carry on in connection with reforestation under the system. My leases expired along and along until 1933 under the stress of the depression, I found it necessary to obtain some income from my timber. I started operations under my own name and I put up just a small cuppage around where I had some farm operations and produced about 70 units. On the strength of that I was classified as an old operator.

I appealed from that classification and sought to be considered as a new operator. I found I could not get consideration along that contention and had to accept 52 barrels as my allotment for 10,000 acres of timber. The Control Committee advised me it would be a fine thing for me to continue to carry that timber, look after it and grow it because it would probably be a good divident on my investment in the future, to which I agreed were I able, but I found my fixed charges, not the least of which was taxes over which I had no control, and interest charges which I had no control of, were such that it was out of the question for me to continue to carry this timber without some income from it.

It seems to me that in all of these plans there is no provision for a timber owner in this predicament unless he can get classified as a distress case. My position is that the gentlemen who formerly worked my timber have not gone off with the allotment. I have the timber and the only alternative for me now is to find some man who has more allotment than he has timber and lease it to him for operation, or else resort to some plan of subterfuge or some scheme whereby I can outwit the Control Committee and secure an allotment. I do not prefer either case.

I prefer to fight the proposition in the open, as I have been, and contend there should be some plan for consideration of a man who owns and grows the timber which is the base of all of these operations and without which it would be impossible to hold this meeting or this hearing or to have a marketing agreement or a Control Committee. I respectfully submit that in consideration of this question whatever basis of allotment or quota is adopted the timber man should have a place and that place should authorize and permit the timber man to become an operator if he so desires. I make this contention, not with respect to simply my own personal change or interest, but in making the statement I feel like I am representing thousands of land and timber owners in this pine belt whose interests are identical with my own, whose ownership and whose workings in connection with reforestation, which means not only the planting, protection and fire control, but the formation of a basis for a greater source of wealth, which means employment and a general living for this country of ours, are identical with my own.

PRESIDING OFFICER COCK. Mr. Booth, we have not discussed yet the marketing quotas, Article V on page 6, which is the program set forth in the proposed agreement and license. Your talk and your ideas have to do with whatever proposal is adopted, whether it be the Reese plan so called or the plan as set forth. I would like to have a full discussion of the plan I set

It seems to me that in all of this there is no provision for a timber owner in this resolution which we can get classified as a lifters case. My position is that the gentlemen who formerly worked my timber have not made out with the allowance. I have the timber and the only alternative for me now is to find some man who has more allowance than he has timber and lease it to him for operation, or else resort to some plan of satisfying or non-owner survey I can submit the matter of the Central Committee and secure an allotment. I do not prefer either case.

I prefer to flight the proposition in the open, as I have been, and contend that there should be some plan for total destruction of a man who owns and pays the timber which is the base of all of these operations and without which it would be impossible to hold this meeting or this hearing or to have a marketing agreement or a Central Committee. I respectfully submit that in consideration of this question whatever basis of allotment or quota is adopted the timber man should have a place and that place should authorize and permit the timber man to become an operator if he so desires. I make this contention, not with regard to altering my own personal change or interest, but in making the statement I feel like I am representing thousands of land and timber owners in this pine belt whose interests are identical with my own, where continuity and steady operation is essential with satisfactory and which means not only the planting, protection and care of the forest, but the formation of a basis for a stable economic order of society, which means employment and a general living for the entire county of Cory, and incidental also to me.

PRESIDING OFFICER DOE. Mr. Jack, we have not discussed yet the marketing quota, article V on page 6, which is the program and fund in the proposed agreement and license. Your talk and your ideas have to do with whatever proposal is adopted. Whether it is the same plan as called on the plan we had here. I would like to have a full discussion of the plan I am

forth first, as to its workings, and so forth, then, after we complete a full discussion by Mr. Speh as to the way the proposed plan will work, we will have a discussion on general amendments, which is along the line you are now following. If you could withhold the remainder of your suggestions until after we have had a complete discussion of the plan as set forth by Mr. Speh, I am sure it will assist us in trying to build up a more workable record; then we will have all of these ideas as to whichever program is adopted altogether and we will have all of the subject matter in one bunch.

MR. BOOTH. It is very probable that I will not be here tomorrow.

PRESIDING OFFICER COOK. That is the same thing that applies to not only you but other men. They would like to get through also. There are other men who have been here for some time and they want a chance to express their ideas. I do not feel that we should make any special concessions for anyone. There may be other men who feel they should like to go home. They have their work and they may feel they should leave also. Possibly they feel they are more justified in their stand than you. We did give consideration to a representative of the Forestry Division and took another section up and that was because he was a government man, not because we give them special preference, but his duties called him elsewhere and he came down here just for the one day, although he left one of the representatives of the Forest Service to be here during the entire hearing.

MR. BOOTH. Mr. Chairman, I have no idea of asking for any special consideration or any special place. I realize that this goes back to Section 5 and I will be very glad to discuss some of the features when we do get to Section 5, but since Mr. Speh referred to Section 5 I thought it would be germane at this point.

[illegible] first, or in the morning, and or after, then, after a complete - full discussion by us, just as to the way the proposed plan will work, we will have a discussion on general amendments, which is along the line you are now following. If you could without the consideration of your suggestions until after we have had a complete discussion of the plan as set forth by Mr. Dodd, I am sure it will assist us in trying to build up a more workable product; that is, we will be able to take them as to which every practice is adopted afterwards and we will have all of the subject matter in one draft.

MR. MOORE. It is very probable that I will be more tomorrow.

PRESIDING OFFICER DOOR. What is the same thing that applies to not only you but other men. They would like to get through also. There are other men who have been here for some time and they want a chance to express their ideas. I do not feel that I should make any prolonged observations for myself. There may be other men who feel they should like to do them. They have their work and that may feel they should leave also. Possibly they feel they are more justified in their stand than you. We did give consideration to a respective authority of the Provincial Division and such authority is and that was believe he was a prominent man, not because we give them special preference, but its better which the authority not be some from just for the one day, although he left one of the representatives of the Provincial Council to be here during the entire hearing.

MR. HOLT. Mr. Chairman, I have no idea of making for any special consideration or any special plan. I realize that this goes back to section 8 and I will be very glad to discuss every of the features when we do get to section 8, but also Mr. Dodd referred to having a I thought it might be germane at this point.

PRESIDING OFFICER COOK. We wanted to get his full version of that matter.

MR. BOOTH. I will conclude by saying, as I already said, that I favor the amended proposition for allotment because I feel it will be more equitable and fair and come nearer solving the problem for the operators and producers of turpentine.

PRESIDING OFFICER COOK. Now, may we hear from Mr. Speh? Shall we read this first?

MR. SPEH. Just as you wish.

PRESIDING OFFICER COOK. Well, I presume there are a great many here who are not familiar with it. Possibly it should be read slowly, then you may give your explanation.

MR. SPEH. Do you wish me to comment as we go along?

PRESIDING OFFICER COOK. I think it would be better if you read it and commented on it.

MR. SPEH. Article V, page 6. Mr. Chairman, before we go into this, may I say that irrespective of what method of allotment is finally decided upon, there is one very important feature to any method and that is the need of giving out to every single producer and processor at the earliest possible date information as to what his allotment will be. We must not let anything interfere with that. An unreasonable delay is going to cause not only considerable dissatisfaction but hardship. So I do want to emphasize that.

There is one more thing. I do not want any misunderstanding as to the reason for you might say the unstability of the 1933 production figures. Every one of you operators have made out your application blank and I dare say 40 percent have from time to time throughout the year appeared before us and made certain changes, corrections and amendments, borne out by affidavit or other additional information. Just the day before yesterday, I received some more

information in the form of an affidavit regarding local sales for the years 1931, 1932, and 1933. So you may say these figures are continually changing and we try to bring them up to date.

"Article V - Marketing Quotas.

"Section 1. In order to improve returns to producers by adjusting the supply of crude gum, cleaned gum, gum turpentine and gum rosin, to the market demand therefor, the Control Committee shall for each year establish marketing quotas as hereinafter provided in this article."

May I comment on that. I think Washington has inadvertently omitted in the first line of that "processors" so that it should be corrected to read:

"In order to improve returns to processors and producers", always bearing in mind the first statement we made about the inclusion of producers.

"Section 2. For the year 1934 (from April 1, 1934 to December 31, 1934) and for each succeeding calendar year, the Control Committee shall (a) estimate the probable consumptive demand for crude gum, cleaned gum, gum turpentine and gum rosin, during such year; (b) estimate the total stocks of crude gum, cleaned gum, gum turpentine and gum rosin available for marketing on December 31 of the next proceeding year; (c) determine the total volume of crude gum, cleaned gum, gum turpentine and gum rosin to be processed and/or marketed by all processors during such year, using the amounts estimated in subsections (a) and (b) as the basis for such determination; (d) determine the total volume of crude gum, cleaned gum, gum turpentine and gum rosin to be processed and/or marketed during such year by processors other than new producers and new processors, by subtracting from the volume determined pursuant to subdivision (c), the

information in the form of an effective controlling level only for the years 1941, 1942, and 1943. As yet no of these figures are sufficiently complete and we may be in a position to do so in 1944.

"Article V - Marketing Quotas.

"Section 1. In order to improve returns to producers by adjusting the supply of crude gum, clarified gum, gum turpentine and gum rosin, to the public general welfare, the United Country shall for each year establish marketing quotas as hereinafter provided in this article."

Mr. I comment on that. I think Washington has inadvertently omitted in the first line of that "production" so that it would be correct to read:

"In order to improve returns to producers and producers, simply inserting in lieu the first word so as to read the "adjustment of production".

"Section 2. For the year 1942 (from April 1, 1942 to December 31, 1942) and for each succeeding calendar year, the Secretary shall (a) estimate the probable consumption during the year of crude gum, clarified gum, gum turpentine and gum rosin, during such year; (b) estimate the total stocks of crude gum, clarified gum, gum turpentine and gum rosin available for marketing on December 31 of the next preceding year; (c) determine the total volume of crude gum, clarified gum, gum turpentine and gum rosin to be processed and/or marketed by all processors during such year, using the amounts ascertained in subsections (a) and (b) as the basis for such determination; (d) determine the total volume of crude gum, clarified gum, gum turpentine and gum rosin to be processed and/or marketed during such year by processors who are not cooperators with the Secretary, by subtracting from the above determined amount in subsection (c), the

quantities set aside for allocation pursuant to Section 3.

So far as practicable, the above estimates and determinations shall be made by the Committee within fifteen (15) days after the effective date of this Agreement with respect to the year 1935, and on or before the 15th. day of October next preceding each succeeding calendar year."

MR. REESE. Do you want suggestions as we go along?

PRESIDING OFFICER COOK. Yes.

MR. REESE. I think the language appearing in line 6 "on December 31 of the next proceeding year" ought to be eliminated and something substituted in its place. As a matter of fact, making allotments in October, the quantities of available turpentine and rosin on hand on the preceding December 31st is not of much benefit. What you mean there is the latest date practicable.

MR. SPEH. I think that is right.

MR. HADLEY. Mr. Chairman, I noticed in Section 2 under (d) crude gum and so forth to be marketed by processors other than new producers and new processors. There the words "and producers" is left out as was the case under Section 1 where processors was left out.

MR. SPEH. Mr. Chairman, if I might make a statement, we stated back at the opening of the meeting yesterday that inadvertently throughout the whole agreement there is the omission of the word "producer" or it has been inserted; so in the final set-up as to whether producers will be included or not will determine whether it shall be inserted or taken out. Is there anything needed to be added in connection with Mr. Reese's statement?

PRESIDING OFFICER COOK. No, I think the record shows that. That is the main thing. At this time would the Committee have any suggestion as to

qualifies and make few alterations necessary in Section 5.

So far as possible, the more detailed and substantive amendments shall be made by the Constituent Assembly (12). Any other the effective date of this instrument with respect to the year 1958, and on or before the 15th, day of October next preceding each succeeding calendar year.

MR. PIERCE. Do you your suggestions in so as to read:

PRESIDENT WILSON. Yes.

MR. PIERCE. I think the language appearing in line 6 on December 21 of the text preceding page 7 ought to be eliminated and something substituted in its place. As a matter of fact, making alterations in October, the qualifications of available manpower and goods on hand on the preceding December 31st is not of much benefit. Does you know where in the future date possible.

MR. [illegible]. I think that is right.

MR. BURKE. Mr. Chairman, I intend to insert a minor (?) verb and an form to be modified by preliminary which the Constituent and preparatory. Since the words "and preparatory" in lieu of on the 1st October Section 1 about preparatory and 1.07 1st.

MR. [illegible]. Mr. Chairman, if I might make a suggestion, in order that at the opening of the meeting yesterday the Secretary (?) the chair expressed doubt in the minutes of the word "preliminary" or it has been inserted, so in the final copy so to speak, preparatory will be included or not with preparing [illegible] in [illegible] or [illegible]. In fact anything would be added in connection with [illegible]. Doesn't [illegible] preliminary [illegible]. Mr. I think the [illegible]. That is the main point. It may be [illegible] the [illegible] or [illegible] to

the time when these allotments were set, as suggested in the letters I have just read?

MR. SPEER. I think later on we come to where each new producer files an application and I think that will fit in there.

PRESIDING OFFICER COOK. Then we will have a general discussion of the two programs after you get through with your explanation.

MR. SPEER. "Section 3. From the total number of units to be marketed as determined pursuant to subdivision (c) of section 2 the Control Committee shall set aside (a) three percent (3%) which shall be allotted to new processors who did not process during the calendar year next preceding the year for which quotas are being established, and who have the financial ability and own or have leased the timber, quarters, and still equipment, necessary to produce the allotment; (b) not to exceed one percent (1%) which shall be allotted to new producers who own or have leased the timber necessary to produce the allotment. For the purpose of this section, the term "new producer" shall mean any person who has not shipped and/or marketed crude gum during the calendar year next preceding that for which quotas are being established; (c) not to exceed five percent (5%) for allocation to processors whose quota, by reason of existing leases, financial obligations, or like cause, is less than the amount which the Control Committee finds to be an equitable quota applicable to such processors."

Mr. Chairman, is it necessary to enter into the record as to the need of the change by the inclusion of the one percent and the five percent? The existing marketing agreement and license provides for the setting aside of three percent of the total volume to be marketed and prorated to new processors. It has been extremely difficult in the making of allotments during 1934 to be so hard-hearted as to refuse to give an allotment to an applicant who

has not been in business before but who we know or who we suspect did not expect to set up a still and therefore put himself in the possible position of being what we generally accepted to be a processor. It is rather hard to put up a hard and fast definition of a processor. As a general rule, we think of a processor who is a man that produces gum and sells turpentine and rosin in his own name or who buys the gum and treats the gum in the same manner. So, as a matter of fact, a good part of that three percent which should have gone to the strictly bona fide processor went to a large volume of the really gum producers; so this year in order to be fair and have available that three percent as originally intended, the Control Committee recommends in addition to the three percent one percent be set aside to take care of the men who did not produce themselves crude gum in the preceding year, but who proposed to do so in the coming year.

Further, the existing marketing agreement provides that we shall set aside three percent and shall prorate the balance. Having done that, you have nothing left to take care of those inequalities which will arise under any system of distribution you may set up. For that reason, the Control Committee has asked that they be permitted to set aside not to exceed five percent of the total volume to be marketed and to be used to relieve distress cases of this type. I believe that will explain the reasons.

Right there I might say something else in order to get it into the record. The Control Committee conferred with a committee created at the group meeting at Valdosta and Statesboro regarding another method of making allotments. Several methods were discussed. They were given some form of study. Out of those various methods discussed one was finally selected as probably having the best chance of receiving the approval of the industry. That was sent out in the form of a ballot. The existing marketing agreement

requires an affirmative vote 75 percent by volume to amend the method of making an allotment. When that was sent out the Control Committee felt that in fairness to all these people it should indicate to them what it had in its mind in the event that this proposed plan failed. A letter was sent out and publicity was given to the fact that should the proposed plan upon which you are asked to vote fails, the Committee will go to the Secretary of Agriculture and ask him to permit them to set aside out of the 1935 volume to be marketed not to exceed one percent to be distributed among new producers and not to exceed five percent to be distributed among distress cases. I want to get that in the record as it indicates that the idea has been placed before the producers. Incidentally, I may say that the suggested method of making allotments failed to receive the necessary 75 percent affirmative vote.

MR. GALLEHUE. Mr. Speh, upon what basis did you select one percent for new producers?

MR. SPEH. Well, we selected it on this basis: In strict ratio to the three percent for new processors that should have been four-tenths of one percent, but we said not to exceed one percent, little realizing what we were opening up as to the tremendous volume that might be applied for.

MR. GALLEHUE. The three percent, as I understand it, was based upon experience indicated by statistical information and past operations?

MR. SPEH. Yes, we just simply figured the average relationship between the volume of turpentine coming from gum produced by a gum producer as compared with the turpentine volume produced by a regular processor. On that basis it figured to four-tenths of one percent, but as I just stated instead of setting it at a fraction of a percent we said not to exceed one percent.

MR. HADLEY. Is this the time to suggest an amendment to this particular Section 3?

PRESIDING OFFICER COOK. No. Let us try to get the board's amendment.

MR. SHER. In reference to this five percent for the purpose of relieving distress cases, can that be made more definite? In other words, do you have any definite idea as to what cases would be classed as distress cases or in the nature of things, is it impossible to make this any more definite than it is now?

MR. SPEH. I think it will have to be left up to the Control Committee to set by, you might say, certain guiding rules as to what shall constitute a distress case. It is impossible to make an inflexible rule on that. A man may receive an allotment 100 percent of what he produced in 1933 or 100 percent of his four-year average and that man may be in greater distress than the man who has received only 50 percent of his 1933 allotment. Some of the previous gentlemen have pointed out, this man may be overburdened with high priced timber. He has to meet his taxes. That constitutes a distress case. Of course, you cannot anticipate all of them. If it may be left entirely up to the Control Committee with the understanding, of course, that they will have to be able to sustain any decision they make, I think that would be the best way.

MR. SHER. What else would you consider a distress case besides the one you mentioned?

MR. SPEH. Well, distressed is when you are dissatisfied. In other words, if I am not satisfied I am distressed. I am not pleased. So that when you ask me to set up any kind of a distress case, there is no limit to what we can go to. I could set up as a distress case - whether it will come within the jurisdiction you may say of the Control Committee or not is

MR. BRIGHT. Is this the time to embark on questions in civil

protection matters?

PRESIDING OFFICER (LORD). No. Let us try to get the Bill's amendments.

MR. ROSS. In reference to this Bill without the fire brigade in military distress areas, do they get made more difficult? In other words, do you have any certain in view as to what forces would be released on Sundays or in the matters of training, is it impossible to make this more definite than it is now?

MR. BYRE. I think it will have to be left to the Chief Constables to act by, for right and, consider and take steps to deal with situations a distress area. It is impossible to give an infallible rule on that. I can say that in Glasgow 180 personnel of what be provided in 1939 or 1941 present of the fire-fight arrangements and that can be in distress areas. Some of the practice adopted in Glasgow and elsewhere. One of the practice adopted is to which, this can be overburdened with high priority jobs. So that is some idea. That constitutes a distress area. In short, the Bill's activities all in that. It is not be left entirely up to the Chief Constables with the assistance, of course, but they will have to be able to distribute the available personnel. I think that could be the best way.

MR. ROSS. Does that mean the amalgamation of fire brigades and the per centage?

MR. BYRE. Well, difference in that can be diversified. In some areas, if I am not satisfied I am distressed. I do not think. On that when you get an to and on any fire or a serious case, there is likely to be an on it. I think and if in a distress area a serious, it will come within the jurisdiction the day of the Chief Constable of the is

another matter - some party who might have received an allotment of 100 percent of his 1933 production or 100 percent of his four-year average, but he may be head over heels in debt to the factor and in order to put himself in a proper financial condition he must receive more. He may not have obligated himself to timber at all, but he is financially in debt. So there are many kinds of distress cases and I would hesitate to try to set up a set of rules and regulations covering all of them.

MR. SHER. What type of case did you give recognition to this past year?

MR. SPEH. A man received an allotment considerably below that volume of production which he had actually prepared himself to make; in other words, his cups were up, his aprons were up and in some cases he had actually started to ship. That was a case of distress and that was the type of practically all of the cases that came before us. They were of that nature.

MR. WARD. I would like for you to have the record show whether it is your opinion that any part of this five percent should be applied to other than old processors, because it is not clearly stated?

MR. SPEH. It is not the intention to allow that five percent to go to any one other than old processors.

MR. PACE. May I ask a question? An old processor who is dissatisfied and who has not anything much, suppose he turned it over to a new processor, can he get this five percent?

MR. SPEH. An old processor may dispose of his place and along with it his allotment. Then that goes to this new processor.

MR. PACE. Will the new processor get the one or five percent?

MR. SPEH. He has to put in his application as a new processor and he participates in the three percent.

another matter - that party who might have received an allotment of 100 percent of his 1947 production or 100 percent of his four-year average, but he may be land over heels in debt to the farmer and in order to put himself in a proper financial condition he must receive more. He may not have obligated himself to farmer at all, but he is financially in debt. So there are many kinds of distress cases and I would hesitate to try to set up a set of rules and regulations covering all of them.

Mr. [illegible]. What type of case did you give recognition to this year?

Mr. [illegible]. I was received an allotment considerably below that volume of production which he had actually prepared himself to raise in other years. His crops were up, his growing were up and in some cases he had actually sold to ship. That was a case of distress and that was the type of practically all of the cases that came before us. They were of that nature.

Mr. [illegible]. I would like for you to have the record show whether it is your opinion that any part of this five percent should be applied to other than old producers, because it is not clearly stated.

Mr. [illegible]. It is not the intention to allow that five percent to go to any one other than old producers.

Mr. [illegible]. May I ask a question? An old producer who is diversified and who has not actually sold, supposing it turned it over to a new producer, can he get this five percent?

Mr. [illegible]. In the producer may dispose of his place and sell with it his allotment. Then that goes to this new producer.

Mr. [illegible]. Will the new producer get the use of the acreage?

Mr. [illegible]. He has to put in the equivalent of a new producer in participation in the farm program.

MR. PACE. That is another percent that is being brought out. I thought it was one and five percent.

MR. SPEN. No the three percent has been in every marketing agreement we have had.

MR. PACE. If an old processor is dissatisfied, and I imagine 99 percent of them are, to repeat, if the old processor is dissatisfied with his allotment and he disposes of his place to someone else, how large a percent does this new processor get over the old processor that was operating the prior time?

MR. SPEN. I am afraid I cannot answer your question. The only way -

MR. PACE. I will put it this way. Say I am an old processor; my final allotment is 584. Suppose I were to dispose and sell my place to this man or some other man, how much ratio could he get over what I had, operating my own place? How much more could he get by being a new processor and doing away with me.

MR. SPEN. The new processor participates in the three per cent. If this gentleman, Mr. Booth, had not been in business before and he decided he would go in business and he then wanted to make a decision whether he would get a larger allotment by buying you out, therefore getting your allotment, or making an application as a new processor and participating in the three percent - is that what you mean?

MR. PACE. Yes, Mr. Booth used to be on the basis of 70 or 72 barrels, then he is reduced down to 52. Now, he wants to change.

MR. SPEN. If he operated in the past, he does not come in the three percent at all.

MR. PACE. If he disposes of his place, how much ratio would he get over what he had by selling to me or some other producer?

MR. FIX. Don't be another parrot! What is being brought on?

I thought it was the old fire parrot!

MR. FOGG. So the three parrots has been in every conspiracy against me from the.

MR. PAUL. If an old gentleman is disinterested, and I begins to be pretty of them are, to repeat, if the old gentleman is disinterested with his allowance and he stopped at the first of a month ago, has there been a passport done this new gentleman put over the old gentleman that was starting the paper time?

MR. FOGG. I do think I should answer this question.

MR.

MR. PAUL. I will put it this way. Why I am an old gentleman my final allowance is 200. Suppose I were by degrees and call or place it this man or some other man, how much will small be put over that I had operating on the place? The much more would be left to build a partnership and doing away with me.

MR. FIX. The new gentleman participates in the same per cent. If this gentleman, Mr. Fogg, has not been in Burlington before and he doubted he would go in business and be that anyone to make a definite decision he would get a larger allowance by being off and, therefore getting your allowance, or making an application on a new gentleman and participating in the three percent - is that what you want

MR. FIX. Yes. Mr. Fogg said to be on the train if he or the parrots, then is reduced down to 25. Now, he wants to change.

MR. FOGG. If is operated in trip-pack, he does not come in the three parrots at all.

MR. PAUL. If is dismiss if is right, he can with will be put over that to and by adding to me do some other arrangement

MR. SPEH. I do not quite grasp the situation or the problem. I must be dense.

MR. PACE. I must be dumb, too, if I cannot explain it.

MR. SPEH. I am sorry. I am trying my best.

MR. SHER. Is not the answer there that the allotment travelled with the transfer of the timber?

MR. SPEH. He has not asked for that. He is asking what he will get.

PRESIDING OFFICER COOK. Would he not get his proportionate share of the three percent?

MR. SPEH. No. If Mr. Booth operated in 1934 and Mr. Booth should sell out to Mr. Pace, Mr. Booth has sold his equity in that allotment. Now, if Mr. Booth wants to come back into the business, he has to come back as a new processor.

PRESIDING OFFICER COOK. That is not the question.

MR. WARD. What does Mr. Pace get in that case?

MR. PACE. I am trying to get at what would I get.

MR. SPEH. If Mr. Booth had an allotment of 70 and he sold his place, he transfers that allotment of 70.

MR. BENEDICT. If Mr. Booth had discussed the matter with somebody that wanted to go into business and he made application as a new processor for 20 crops, so that Mr. Booth had 20 crops, this man who had never been in business before, and it was arranged so he could get the timber, he would apply for 80 units, then, according to this 44 percent, he would get about 35 units. Mr. Booth could only get 79.

MR. SPEH. I do not know whether that answers your question or not.

PRESIDING OFFICER COOK. Let us see if we have your question right. See if I have it right. You are an old processor. You have an allotment of 100 units, we will say, I do not have any allotment. I am entirely new. You

MR. BURR. I do not quite catch the relation of the question.

I mean to say.

MR. JONES. I just to know, sir, if I answer anything.

MR. BURR. I am sorry. I am trying my best.

MR. BLACK. Do not the answer show that the allegation invalid with the trustee of the library?

MR. JONES. He has not made the fact. He is asking you to tell me.

PRESIDING OFFICER BOOK. Would he not get his opportunities when of the time primarily

MR. JONES. Yes. If Mr. Booth appeared in 1904 and Mr. Booth should well out to Mr. Jones, Mr. Booth has said his equity is that allowance. Yes. If Mr. Booth wants to come back into the business, he has to come back on a new agreement.

PRESIDING OFFICER BOOK. That is not the question.

MR. BLACK. What does Mr. Jones get in that event?

MR. JONES. I am trying to put it as what would I get.

MR. BURR. If Mr. Booth had an allowance of 75 and he was to sell it place, he probably also allowed of 75.

MR. BOOTH. If Mr. Booth had immediately the office with something that moved to go into business and he was negotiating as a new proposition for 50 years, so that Mr. Booth had 40 years, then we had also been in business before, and it was advantageous to me to sell my 75 to Mr. Jones for 50 years, Jones, considering which is worth, he would get more 50 years. Mr. Jones would pay not 75.

MR. BURR. I do not like answer that answers your question or not.

PRESIDING OFFICER BOOK. Let us see if we have your question right. Has if I have it right. The are an old partnership. The firm is allowance of 100 years, we will say, = Mr. Jones any allowance. I am merely ing. The

sell or lease your timber to me and you sell me your still. I come in as a new processor and ask for an allotment. The question is where does my allotment come from? It comes, as I understand it, from the three percent.

MR. SPEH. If you had bought his place, then you would get his allotment. The agreement provides that where there is a transfer of title a proportionate amount of the allotment goes with the transfer.

PRESIDING OFFICER COOK. Suppose I got some man that had no allotment.

MR. SPEH. Then you are a new processor.

PRESIDING OFFICER COOK. As I understand your question, this new processor that comes in gets his allotment. Say he has capacity, has the money and has the timber and everything else and shows he can produce 80 units.

MR. PACE. Take my place.

PRESIDING OFFICER COOK. He comes in and makes his application and gets his allotment from the three percent?

MR. BENEDICT. Mr. Booth got 80 units and now is an old processor. He could keep that and get an allotment for 80 units, but he could lease the balance of his timber, 19 crops or whatever it is to somebody else, who could apply as a new producer and get 44 percent of the 19 crops.

MR. SPEH. Yes; provided that man fills all the requirements of a new producer.

MR. BOOTH. He cannot apply as a new processor.

MR. SPEH. Not if you have been in business the preceding year.

PRESIDING OFFICER COOK. Does that answer your question?

MR. PACE. I am not satisfied with it. If I am an old processor and am not satisfied with that allotment, and I know of lot of them are not

will be less than thirty days and you will be your own. I mean it as a new precedent and you have no alimony. The question is what is my alimony since then? It seems, as I understand it, from the time period.

MR. ROSS. If you had sought his alimony, then you would get his alimony. The testimony provides that where there is a transfer of title a proportionate amount of the alimony goes with the transfer.

PRESIDING OFFICER BOGGS. Suppose I not some man that had no alimony.

MR. ROSS. Then you are a new jurisdiction.

PRESIDING OFFICER BOGGS. As I understand your question, this man promises his wife his alimony. They be married, then the husband moved and has the higher and accrued long ago and claims to the property of wife.

MR. FLEX. Then he is out.

PRESIDING OFFICER BOGGS. He owes it and when his wife's alimony and gets his alimony from the other property.

MR. ROSSITT. No. There is no relation and you is in all instances. He would have then and pay to alimony for DC wife, but in order based the balance of his income, it seems to determine it is to be accounting also. We would apply as a new problem and get at payment of the 1st wife.

MR. LYON. Not provided that the first all the requirements of a new problem.

MR. ROSS. He should apply to a new problem.

MR. LYON. But if the law here is failing [illegible] [illegible].

PRESIDING OFFICER BOGGS. Then that answer the question.

MR. FLEX. I am not arguing with it. If I am an old person and am not satisfied with this alimony, and I know of law or that

satisfied - I do not get the point. If I am an old processor and come along and sell to this man my allotment, my place, my equipment and everything I got, he cannot operate, as I understand it, by taking over my equipment and operating my place and getting any more than I can.

MR. SPEH. No, sir.

MR. PACE. If he is a new processor and comes in and never operated before, will he have anything in addition added to my operation?

MR. BENEDICT. Mr. Pace could keep his allotment or sell it. Mr. Booth could lease his land to a new processor and the new processor would get 44 percent.

MR. SPEH. I think I grasp your problem. In other words, Mr. Benedict was not in business. You were in business. You decide on December first to sell your place to Mr. Benedict. It carries an allotment of 100. You are going to step out of the picture entirely. Mr. Benedict, not having been in business, you sell to him your allotment and everything. Just as soon as that happens, then, Mr. Benedict becomes an old processor and when January 1st. comes along he is not entitled to an allotment as a new processor.

MR. PACE. He never had operated before. He is taking my equipment and operating it.

MR. SPEH. A man is not engaged in the shoe store business, but he may go and buy one out, which puts him in that business.

MR. PACE. Yes, and if I wanted to buy it out I would pay the man what I thought it was worth. If Mr. Benedict comes along and buys me out, he is a new processor, according to my understanding of your statement. He has become a new processor. Then he is an old processor by carrying on my business and not getting any more than what I got.

PRESIDING OFFICER COOK. He is an old processor because he buys your allotment. If you keep your allotment, and you continue in business, but

evil-doer - I do not get the point. If I do so my ancestors and even
about one will be like one of children. My place, my equipment and
everything I get, be taken away, or I understand it, by being over
my equipment and quarrelling my place and getting any more than I can.

MR. GUEST. Go, sir.

MR. PATEL. If he is a man pretending my value is not carry
operated before, will he have anything in which also to be operation

MR. MERCHANT. Mr. Pres should have the statement or call it. Or.
Both would have its list be a non-pleasure and the air pleasure with
are of persons.

MR. GUEST. I raise a point of order. In order words, Mr.
Benedict was not in Jackson. The note is mentioned. The battle on Jackson
first to call your place to Mr. Benedict. It carries no allegiance of his.
The are going to stay out of the picture entirely. Mr. Benedict, not having
been in Jackson, you will be him your allegiance and everything. That on
more is this argument. Also, Mr. Speaker, Jackson Jackson of his government
Jackson law. Even going to be not willing to be allegiance on a new government.

MR. PATEL. It never had historical story. He is going to explain
and operating it.

MR. GUEST. I am in not engaged in the also state business, but he
may go and say see out, which gave him in that business.

MR. PATEL. Yes, and if I understand to say is that I would get the was
what I thought is not work. If Mr. Benedict there stand and take on act,
he is a new pleasure, materially by my understanding of your statement. He
has been a new pleasure. Then he is on old property or property on my
business and not getting my name then with I am.

PRESIDING OFFICER (MR. [illegible]). He is an old pleasure because he has your
affiant. If you keep your affiant, you can continue in business, but

you lease him a certain amount of your timber, then, he becomes a new processor.

MR. SPEH. He may be a new processor.

MR. PACE. Let us confine it to what he is. Is he a new one if he never operated before?

MR. BENEDICT. No.

MR. PACE. He is a real operator when he buys me out or he soon will be. Now, will he get any more or will he confine his operation to what I got?

MR. BENEDICT. If he bought you out he would get just what you got.

MR. WARD. If he bought half of yours, he would get half of your allotment and he would be an old processor to that extent.

MR. McCARTHY. What became of Mr. Pace if he sold his interest to Mr. Benedict and wanted to go back in the business? He must not have operated in 1934. Suppose Mr. Pace wants to go back in the business in 1935, he cannot come in as a new processor because he operated in 1934.

MR. WARD. He would become a new processor by reason of the fact he sold out.

MR. SPEH. The definition says a new processor is a processor who did not process in 1934.

PRESIDING OFFI MR COOK. Will you give us your full name, please?

MR. McCARTHY. C. L. McCarthy.

(The witness was duly sworn by the Presiding Officer and testified as follows:)

MR. SHER. Mr. McCarthy, what do you think should be done with this fellow who sells his timber?

MR. McCARTHY. I do not know. I am wondering myself. The agreement provides if he sells his timber upon which a quota has been placed that the

[illegible] [illegible] [illegible] [

quota follows the sale, but it looks like under the wording of the agreement it leaves a man that sells no chance to come back.

MR. SHER. He probably sells himself out of business.

MR. SPEH. Not necessarily.

MR. REESE. He sells his status as an old processor when he sells out his business.

MR. McCARTHY. That should be provided for.

MR. REESE. The rule of reason would have to prevail.

MR. SPEH. Mr. Chairman, we suggest in connection with Section 3 the following amendment:

Line 4, which now reads: "processors who did not process during the calendar year next preceding" to be amended by the addition of the words, "or produce crude gum" after the word "process" making it read, "processors who did not process or produce crude gum during the calendar year next preceding". The idea there is that there are processors who did not produce, in addition to processing, you see. We want to make it all inclusive.

The same section, lines 5, 6, and 7 to be stricken out, those lines now reading: "and who have the financial ability and own or have leased the timber, quarters, and still equipment, necessary to produce the allotment". Strike out that portion that I read and substitute instead "and who at the time owned or had leased the timber and who submit with their application evidence of their financial ability to purchase and/or erect and install quarters, still and equipment necessary to produce the allotment."

MR. SHER. What is the purpose of that, Mr. Speh?

MR. SPEH. That was to more definitely make this cleavage between a processor and a producer in order that the processor may participate to the fullest possible extent in that three percent, and not have it be infringed upon by the producer class.

Line 11, after the word "not" where it now reads "as not shipped" insert "produced, processed" making it read, "any person who has not produced, processed, shipped, and/or marketed".

PRESIDING OFFICER COOK. Will you give us the reasons for that?

MR. SPEH. Because the way it now reads, it is just the question of a producer who has not shipped, and we wanted to incorporate the idea that it is the production end of it, you see, that counts.

Paragraph (c) of the same section, the fourth line from the bottom reading: "not to exceed five percent for allocation to processors whose quota". We suggest having that amended by inserting after the word "processors" "who received a quota prior to 1935 and", making it then read "not to exceed five percent for allocation to processors who received a quota prior to 1935 and whose quota by reason of" and so forth.

MR. HADLEY. That amendment you make would almost preclude any new gum producer from getting any of this three percent.

MR. SPEH. The idea being that this distress fund is chiefly for the purpose of aiding the distress arising out of putting in the marketing agreement when people did not anticipate it was going to be put in.

MR. HADLEY. This five percent distress?

MR. SPEH. Five percent. It is hoped that eventually, say at the end of this year possibly the people, having the marketing agreement, and knowing it is to be in effect, will have so adjusted their operations that the distress will not be as acute as it has been.

MR. GALLAHUE. Have you any specific objection to the inclusion of the word "producer" after the word "processor" in the fourth line from the bottom?

MR. SPEH. Not to exceed five percent for allocation to processors and producers?

MR. GALLAHUE. Yes.

(Discussion off the record.)

MR. GALLAHUE. I will explain my reason for asking that. I thought perhaps there might be producers who should participate in this equalization fund also in that they might have suffered some distress as processors. I mean, old producers.

MR. SPEH. Well, of course, it may sound inhuman, but I do not mean it that way. You understand the distress from a producer is probably not as great as the extent of distress to a processor. In a good many cases the producer has had the cups and the aprons furnished to him by somebody else, and he is just simply on almost a renting basis. He is on a smaller scale. I do not mean he should not be given consideration, of course, but as I said in the first place and off the record, I would prefer having the Control Committee instruct me as to their position on that.

MR. GALLAHUE. Do you consider it possible that certain producers might be in such a predicament?

MR. SPEH. I see no reason why it should not be possible.

PRESIDING OFFICER COOK. Let us take a short recess.

(At this time a short recess was taken.)

MR. REESE. Mr. Chairman, I wanted to ask Mr. Speh if he would be good enough to read again the amendment proposed last, the last amendment that you read, Mr. Speh, to subdivision (c) of Section 3.

MR. SPEH. I suggested that paragraph (c) be amended to read; "not to exceed five percent for allocation to processors who received a quota prior to 1935 and whose quota".

MR. REESE. Just for the sake of the record, I think perhaps it would be better to consider adding there "who received a quota prior to 1935

MR. SILLIMAN. Yes.

(Proceeding off the record.)

MR. SILLIMAN. I will explain to anyone who wants one. I thought perhaps there might be someone who would participate in this hypothetical that also is that may right into sufficient some difficulty as processors. I mean, oil products.

MR. GYSE. Well, of course, it may would happen, but I do not mean it that way. The questions are starting from a premise to identify not as great as the extent of fairness to a processor. In a good many cases the producer has had the oats and the spoons furnished to him by somebody else, and he is just simply on almost a rental basis. He is on a smaller scale. I do not mean to slurs not by does accidentally, of course, but in a said in the first place and off the record, I would rather having the Control Committee instruct me to be fairly position on that.

MR. SILLIMAN. Do you qualify it partially that certain problems might be in such a predicament?

MR. GYSE. I see no reason why it should not be possible.

PRESIDING OFFICE GYSE. Let us take a short recess.

(At this time a short recess was taken.)

MR. SIGIS. Mr. Chairman, I would in my mr. that it is right to read enough to read right the mentioned paragraph 1(c), the last sentence that you read, Mr. Gyse, in addition (c) at reading 3.

MR. GYSE. I suggested that paragraph (c) be inserted to read: "but to exempt from payment the difference in processors who received a gross price in 1958 and above price".

MR. SIGIS. Just for the sake of the record, I think perhaps it would be better to consider adding there "the received a gross price to 1958

or who succeeded to such a quota and", and so forth.

MR. SHER. Would you accomplish the same purpose by saying "to processors other than new processors"?

MR. REESE. I think you would, or old processors of 1934, perhaps. Anyway, the thought there is stated. It can be worked out.

MR. SPEE. "Section 4, paragraph 1. The Control Committee shall give at least fifteen (15) days' notice to all interested parties of the date fixed by it for determining quotas for each year."

Mr. Chairman, we tried to live up to that and I believe we have lived up to it to the greatest possible extent, but the Control Committee would suggest that that be amended by inserting in the second line after the word "notice" the words "by direct mail to all processors on record for the year during which said notices are being sent out, and by publication of said notice in a trade paper of general circulation in the industry or other paper determined by the Committee at least 15 days before the date so set" and then strike that other 15 days.

PRESIDING OFFICER COOK. I think the record is clear on that.

MR. BOOTH. Will you read that again as you proposed it?

MR. SPEE. I have not the exact wording here.

PRESIDING OFFICER COOK. Just give the thought.

MR. SPEE. Here is the recommendation I think that will cover it. The Committee recommends this section be amended to provide that proper notice shall be constituted by mailing 15 days' notice to all processors of record on the books of the Control Committee at the time of such mailing and by publication of such notice in a trade paper of general circulation in the industry or other papers determined by the Committee at least 15 days before the date so set. The idea is that the Control Committee will

or we intended to work 1 year and', and so (pause).

MR. [illegible]. Would you consider the same phrase in saying "proceedings after they are commenced"?

MR. [illegible]. I think you would, or all proceedings of this nature, the thought there is present. It can be worked out.

MR. [illegible]. Section 4, paragraph 1. The Control Committee shall give at least fifteen (15) days' notice to all interested parties of the date fixed by it for determining qualms for each year."

Mr. Chairman, we hold to live up to what and I believe we have lived up to it to the greatest possible extent, but the Control Committee would suggest that that be amended by inserting in the second line after the word "notice" the words "by direct mail to all proceedings on record for the year during which such notice is being sent out, and by publication of such notice in a weekly issue of general circulation in the industry or other proper determined by the Committee at least 15 days before the date so set" and then adding that other 15 days.

[illegible] GUTCHEN COOK. I think the record is clear on that.

MR. MOOTS. Will you read that again as you proposed it?

MR. [illegible]. I have not the exact wording here.

[illegible]. That gives the [illegible].

MR. [illegible]. Here is the phraseology I think that will cover it. The Committee recommends this motion be amended to provide that proper notice shall be effectuated by mailing 15 days' notice to all proceedings of record on the books of the Control Committee at the time of such mailing and by publication of such notice in a trade paper of general circulation in the industry or other papers determined by the Committee at least 15 days before the date so set. The idea is that the Control Committee will

issue it to all newspapers that care to publish it and to the trade papers.

"Paragraph 2. At least five (5) days before the date so fixed for alloting quotas, each processor, desiring to process crude gum and/or cleaned gum and to ship and/or market cleaned gum, gum turpentine and/or gum resin, shall file with the Control Committee a written application stating: (a) the number of units which he desires to process or market from crude gum produced by himself; (b) the number of units which he has processed and marketed at each location from crude gum produced by himself and during each of the preceding years as specified in subdivision (a) of section 5; (c) the number of units which he has processed and marketed at each locating during the preceding calendar year from crude gum purchased from others; (d) satisfactory evidence that the applicant and/or the persons from whom he purchased crude gum during the preceding calendar year have the financial ability, and control by lease or otherwise sufficient timber, to enable them to produce, process and/or market the quotas requested pursuant to clause (a) above; and (e) such other information as the Control Committee may request for the purpose of performing the provisions of this article."

We suggest as an amendment to thatparagraph in line 5 adding the word "and" in between "process and/or", making it read "process and/or market". In line 11, after the word "others" at the end of paragraph (c), add the words "and the names and addresses and the number of barrels purchased from each".

On the same line, at the end of line 11, and line 12, omit the words "and/or the persons from whom he purchased crude gum during the preceding calendar year", the idea being there, gentlemen, it seems rather

unfair to insist upon this man who buys the crude gum to vouch for the financial ability and probably production capacity of this man from whom he is buying the gum. His contact with him is not always the best and there is a sort of a gypsy that jump from one gum buyer to another. So it is rather difficult for him to actually be able to vouch and give this information.

Line 14 now reads "to enable them to produce". We suggest amending that by striking "them" and substituting the word "him", making it read "enable him to produce".

"Paragraph 3. At the time any application is filed, each processor desiring to process crude gum produced by himself shall pay over to the Control Committee three cents (3¢) for each barrel of gum turpentine, and one cent (1¢) for each barrel of gum rosin for which a quota is requested. The Control Committee shall apply said payments to the amounts which may become due by such applicant pursuant to section 11 and/or the provisions of Article IV, and shall refund to the applicant any excess over said amounts."

"Paragraph 4. If any producer has sold crude gum to a processor during the preceding calendar year, and such processor, for any reason has not filed an application setting forth such sale pursuant to paragraph 2, such producer may file with the Control Committee, at such time as the Control Committee shall specify, an application stating the number of units he desires to market, satisfactory evidence as to his ability to produce such units, and such other information as the Control Committee may request, for the performance of the provisions of this article."

Line 3, after the words "paragraph 2" insert in parenthesis "(c)", so as to tie it in with that part up above.

In lines 3, 6, and 8, the word "unit" is used. Substitute for the word "unit", "barrels of crude gum", in all three cases.

"Paragraph 5. The Control Committee may check the accuracy of any application and substantiate or verify the same in such manner as it may determine, and on the basis of its findings may revise any of the statements therein contained".

There are rather minor changes there, but the Control Committee suggest in line 1 strike the word "may" and substitute "shall", making it read "the Control Committee shall check".

Line 3, strike the word "revise" and substitute the words "amend any allotments made upon the basis of", making it read "and on the basis of its findings may amend any allotment made upon the basis of any of the statements."

"Section 5. From the applications filed pursuant to paragraphs 2 and 4 of section 4, as the same may be revised pursuant to paragraph 5 of section 4, the Control Committee shall (a) compute the average annual number of units which each applicant has processed, shipped and/or marketed from crude gum produced by himself during the applicable year or years from among the following, throughout which he has processed such crude gum: (1) January 1, 1930 to December 31, 1933; (2) January 1, 1931 to December 31, 1933; (3) January 1, 1932 to December 31, 1933; (4) January 1, 1933 to December 31, 1933. The average annual number of units of a processor who was entitled to and received an allotment as a new processor in 1934 shall be computed by applying the marketable percentage, determined pursuant to subdivision (c) of this section, to such processor's proven ability to produce as of April 2, 1934; (b) compute the number of units which each applicant has processed and marketed during the preceding calendar year

from crude gum purchased from others; (c) compute the number of units which each producer, filing an application pursuant to section 4, sold for processing during the preceding calendar year; (d) compute the sum total of all units for all applicants by adding all of the average annual number of units computed pursuant to subdivision (a), to all units computed pursuant to subdivisions (b) and (c); (e) compute the marketable percentage by dividing the total number of units determined pursuant to subdivision (d) into the number of units to be marketed as determined pursuant in subdivision (d) of section 2 (f) compute the primary quota for each applicant by applying the marketable percentage, determined pursuant to subdivision (e) to the number of units computed for such applicant pursuant to subdivision (a); and (g) compute the secondary quota for each applicant by applying the marketable percentage determined pursuant to subdivision (e) to the number of units computed for such applicant pursuant to subdivision (b), or subdivision (c)."

PRESIDING OFFICER COOK. Will you tell us how that will work?

MR. SPEM. It says to use as the base figure the applicants' average production for the period throughout which he has operated in those four years. The first requirement is he must have operated in 1933. If he did not operate in 1933 he comes in then as a new processor. If he operated in 1933, but not in the previous three years, then, his base figure is that production in 1933. If he operated in 1933 and 1932, but not in the two previous years, his base figure is the average production for those two years, and so on back until you get to the four years. If he operated in 1933 but for some reason or other did not operate in 1932 and 1931 but did in 1930, it requires that he must have operated throughout the period, therefore you discard 1930 and merely take his 1933 figure as the basis.

This is production from gum he produced himself.

Upon that basis, he receives a primary quota or his allotment, the difference between the primary quota and the secondary quota being the allotment made to a man for his own production - that is, gum produced by himself - as contrasted to the turpentine and rosin which he may have processed from gum which he bought, and that constitutes the secondary quota.

The marketable percentage is arrived at by adding the base figures of this man, of all of the processors, the stuff he produced from his own gum to that which is produced from bought gum, to that provided in paragraph 4 where somebody has forgotten to file an application. In other words, you then add up all of the base figures for all of those years. You determine the percentage that that total is of the volume to be marketed after having made the necessary deductions and that quotient is the marketable percentage.

I might say this: Supposing it is determined that you will market 450,000 units of turpentine for a given year. You deduct from that the allowance for new processors, new producers and distress cases, making a total of nine percent. That leaves then 405,000 as the volume to be marketed or to be prorated among other than new producers, new processors and for distress. The total of all of the other base figures we will say amount to 405,000. That means then that the marketable percentage is 100 percent. If, on the other hand, that amounts to 630,000, then, the marketable percentage becomes 66 and two-thirds percent. Having determined that marketable percentage, then you apply that percentage to each man's base figure and what it amounts to then is to merely say, as was expressed this morning, a man is entitled to participate in the distribution of the

This is probably how can be produced himself.

Then that basis, we involve a primary cause or the allowance, the difference between the primary cause and the secondary cause being the allowance made in a use for its own production - that is, cause produced by himself - we constructed by the temperature and not in which he may have processed from gun which is bought, and then quantities in secondary cause.

The measurable parameters is carried on by adding the base figures of this use, of all of the parameters, he start to involve from its use cue to that which is produced from bought cue, to that provided in parameters & alone commonly has frequency to file an application. In other words, you take add up all of the base figures for all of such cues. The difference the parameters that that base is or the value is calculated after taking out the necessary deductions and then quantities in the measurable parameters.

I might say this: Supposing it is determined that you will produce 400,000 units of temperature for a given year. You deduct from that the allowance for use primary, new production and different cause, making a total of nine percent. That leaves them 364,000 to be taken or to be matched or to be provided among other than new production, non processes and for distress. The total of all of the other base figures in will by amount to 40,000. That means that the measurable parameters is 324 percent. If, on the other hand, that amounts to 180,000, then, the measurable parameter because it not co-limits parameters. Never factorial the measurable parameters, then you apply this parameters to each cue's base figure and what it means to them is to clearly say, in one expressed this manner, a use is multiple to quantity in the importance of the

crop or the volume that you are then setting to the same extent that he participated in the distribution of the previous crop under his base figure.

MR. GALLAHUE. What proportion of the total volume to be marketed comes within the primary quota?

MR. SPEH. I believe as a general rule about 90 percent of the turpentine, possibly a little less than 90 percent, comes from producers who have produced the gum themselves.

MR. GALLAHUE. Will you have the figures from the Control Committee on that so you can give definite statistics on it?

MR. SPEH. Yes.

MR. GALLAHUE. Could you also offer figures on the number of operations involved in that primary quota?

MR. SPEH. Yes, sir.

MR. GALLAHUE. And figures for the number of operators involved in the secondary quota?

MR. SPEH. We can give you figures, but they are very unreliable as to the secondary quota. They are here today and gone tomorrow under a dozen different names. What I mean is, there are small producers who sometime produce a few barrels of gum throughout the year, simply in their spare time. They have a little patch of timber on their own property, possibly. Sometimes they go out and work some discarded trees and the people walk away and leave them. They work those trees. It is rather difficult to get an accurate list. I dare say that the list we have in the office today has on it between six and eight thousand different names. Just how accurate it is, I do not know. We are sending that letter out to every one of them, testing the correctness of the names and addresses in calling for delivery of the mail, but we have not finished that yet. I will

be glad to give you what we have.

MR. GALLATIN. I appreciate that.

MR. SHEAR. I do not think you touched on the method that is used in determining the base figure for the new processor of 1934 in your discussion.

MR. SPEH. The new processor in 1934 participated in his share of that three percent and the volume applied for compared to the volume set aside and the three percent was such that he received an allotment of slightly over 44 percent; so that in order to make some provision for it, however, realizing that a good many of these people had actually put up their cups and made preparations to go ahead after the usual date that producers ordinarily would start up for the new season and that they had done this to some extent because they felt that the marketing agreement was going to assure them of better prices because of restricted production, in a good many cases that undoubtedly was a subterfuge so as to secure an increased allotment. It is just one of these things that could slide under the wire and because in a good many cases they exaggerated, either intentionally or unintentionally, in most cases intentionally I believe, realizing they were not going to get 100 percent for which they applied; therefore, that which they got they felt was going to be 100 percent as to what they wanted. So instead of applying for 100 barrels and feeling that is what they wanted, they applied for 125 or 150, so that they simply would be better off.

Bearing all of that in mind, the Control Committee felt that to give them 100 percent or to give them as a base figure 100 percent of that for which they stated they were prepared to produce on April 2, 1934, it would be better to just simply give them the same percentage that was allotted; in other words, the same marketable percentage that was allotted to each of

the old processors the previous year, namely, 74 per cent. The committee recommends that the base figure for the so-called new processor in 1934 be that percentage of what was his ability to produce as of April 2, 1934.

MR. REESE. Mr. Chairman, I should like to ask Mr. Speh a question there. That is the proposed amendment?

MR. SPEH. No.

MR. REESE. To what is stated in here?

MR. SPEH. No. It says here "shall be computed by applying the marketable percentage determined pursuant to."

MR. REESE. You have just stated that the committee's recommendation was it should be 75 per cent of that marketable percentage. I want to call attention at this point, Mr. Chairman, that this is a change in the proposed new agreement before us in connection with the committee's recommendation on that point.

I wrote Mr. Ward quite a full letter on that and sent a copy to Mr. Speh. Mr. Speh has been so busy he has not had time to digest much of the matter that has come to his desk. The point I want to call attention to at this time is that if the language that is contained in the proposed new agreement before us is to be retained, I think by all means there ought to be clarification of what is meant by "such processors' proven ability to produce as of April 2, 1934." In the first place, I think it ought to be clarified as to whether the fact that the control committee in 1934 based an allotment upon his ability to produce, ascertained in some way, is to be accepted as his proven capacity to produce.

the old problems the previous year, namely, 74 per cent.

The committee recommends that the base figure for the no-called new prisoners in 1954 be used percentage if that can be ability to produce as of April 6, 1951.

Mr. Speaker Mr. Chairman, I should like to ask Mr. Speak a question here. What is the practical consequence?

Mr. MACK. No.

Mr. STORY. We shall be ready in hour.

Mr. MACK. No. It cannot have "shall be computed by applying the currently existing statutory provisions."

Mr. STORY. You have just stated that the committee's recommendation was it should be 77 per cent of that previously established. I want to call attention to this point, Mr. Chairman, that this is change in the proposed new appropriation bill in connection with the committee's recommendation on that point.

I wonder Mr. Chairman quite a full letter in this old book - why Mr. Speaker. Mr. Speaker has been so long in the act but then it depends much of the matter that has come to his desk. The point I want to call attention to at this time is that if the language that is contained in the proposed new appropriation bill is to be retained, I think by all means there ought to be clarification of what is meant by "such prisoners" prior ability to produce as of April 6, 1954. In the first place, I think it ought to be sufficient to define the fact that the general committee is not bound by efficiency ability to produce, nevertheless in some way, it is a matter of the power capacity to produce.

In the next place, we think there ought to be clarification on the point as to whether or not his proven ability to produce as of April 2, 1934, means his ability to produce for the full year 1934 or whether it means 94 per cent of the full year and, if not, 94 per cent what percentage of the full year.

MR. SPEH. The committee suggest the following amendments to this section:

Page 7, line 2, after Section 4, insert the word "or", making it read: "Pursuant to paragraphs 2 and 4 of Section 4 or as the same may be revised."

We further suggest that you strike the word "revised", in the same line, and substitute the following, making it read: "or as the same may be amended pursuant to paragraph 5".

On page 8, line 6, subdivision (e), now reading:

"Of this section, to such processor's proven ability to produce as of April 2, 1934," after the word "to" insert "74.73 per cent of", making it read "of this section to 74.73 per cent of such processor's proven".

In that connection, Mr. Chairman, --

MR. SHER. How will that read, Mr. Speh? Start with (e) on page 8.

MR. SPEH. "(e): determined pursuant to subdivision (e) of this section, to 74.73 per cent of such processor's proven ability."

In other words, by applying the marketable percentage to 74.73 per cent of such processor's proven ability instead of to 100 percent as it now reads.

In the next place, we think there ought to be clarification on the point as to whether or not his proven ability to perform as of April 2, 1964, means his ability to produce for the full year 1964 or whether it means 94 per cent of the full year and, if not, 94 per cent that percentage of the full year, Mr. Speaker. The committee suggest the following amendments to this section:

Page 7, line 8, after Section 4, insert the word "or", making it read: "Pursuant to paragraphs 2 and 4 of Section 4 or as the case may be provided."

We further suggest that you delete the word "best", in the same line, and substitute the following, making it read: "as the case may be mutatis mutandis to paragraph 2".

Page 8, line 5, subdivision (e), now reading:

"Of this section, to such processor's proven ability to produce as of April 2, 1964," after the word "to" insert "94 per cent of", making it read "of this section to 94 per cent of such processor's proven".

In that connection, Mr. Chairman --

MR. CHAIR: Hon will that read, Mr. Gray? Start with (e) on page 8.

MR. GRAY: "(e): determined pursuant to subdivision (c) of this section, to 94 per cent of such processor's proven ability."

In other words, by applying the unalterable percentage to 94 per cent of such processor's proven ability instead of to 100 percent as it now stands.

MR. BRAUN. I think some confusion arises in reference to (e).

MR. SPEM. This line 6.

MR. SHER. The marketable percentage for this past year was 74.73, and if you apply 74.73 to 74.73 percent of the processor's proven ability to produce, you are taking --

MR. SPEM. No. You are now discussing what shall be the allotment for this same man in 1935. Let us assume that the marketable percentage for 1935 is 70 percent, for round numbers; then you apply that 70 percent to 74.73 of such processor's proven ability.

MR. SHER. No, I think not. I think you are speaking in this whole section solely about the method of arriving at the base figure. You have not begun to discuss the question of how you are going to give out your allotments. You are only discussing the question of what the average annual number of units of this new processor is. Your proposal properly comes under another section. This whole section deals with the determination of the base figure. The other base figure is going to be 75 percent of 75 percent.

MR. SPEM. No. Your base figure is going to be 75 percent of this man's proven ability. Your allotment is going to be 70 percent of that base figure.

MR. SHER. I see what you mean, but the language you have suggested will not do what you want it to do.

MR. SPEM. If the record is clear as to the intent, I am sure the wording can be set up.

Mr. [illegible]. I think some explicit action is necessary to (c).

Mr. [illegible]. Title line 4.

Mr. [illegible]. The acceptable period for this part was 74-77, and if you apply 74-76 to 74-80 instead of this year's power utility in question, you get [illegible].

Mr. [illegible]. No. You are discussing what shall be the allowance for this year and in 1980. Let me assure that the acceptable accounting for 1980 is 77 percent. For actual accounting then you apply that 77 percent to 74.77 of this [illegible]'s private utility.

Mr. [illegible]. Yes, I quite see. I think you are speaking in this whole matter quite clearly. My method of arriving at the base figure. I've here not begun to discuss the question of how you are going to give its over allowance. You are only discussing the operation of that the average [illegible] utility or its may preserve to. The process [illegible] under another section. This whole section deals with the determination of the base figure. The other base figure is going to be 75 percent of 75 percent.

Mr. [illegible]. No. Your base figure is going to be 75 percent of this year's power utility. Your allowance is going to be 77 percent of that base figure.

Mr. [illegible]. I see what you mean, but the language you have suggested will not do [illegible] to do.

Mr. [illegible]. If the phrase is clear as to the intent, I am sure the wording can be arranged.

MR. BRAUN. I feel the misunderstanding arises in connection with (e), the fifth line from the bottom of that paragraph, at the top of page 8. I do not think the two have been coordinated. I do not think that line 6 from the top has been coordinated with line 5 from the bottom.

MR. SPEH. I think the record shows what we are after.

MR. SHER: Your intention is to have the 1934 new producers' base figure determined by applying the marketable percentage of the preceding year to his proven ability to produce.

MR. SPEH. Yes.

MR. SHER. Suppose we just add the words "of the preceding year", following the words "marketable percentage", making it read "by applying the marketable percentage of the preceding year"? I think that will accomplish what you intended to arrive at.

MR. BRAUN. You might say "of the marketable percentage to old processors". No, that is not right, either.

MR. SPEH. Amend line 5 which now reads "shall be computed by applying the marketable percentage" by adding the words "of the previous year".

MR. REESE. May I call attention to the fact that the marketable percentage as used at that place refers to the marketable percentage to be determined pursuant to subdivision (e) of the section, which is the marketable percentage of the current year.

MR. SHER. Well, of any year, is it not, Mr. Reese? If you say the marketable percentage of the preceding year determined pursuant to subdivision (e) that would take care of it, would it not?

MR. MUNN. I feel the misunderstanding arises in connection with math (a), the 'left line from the bottom of that paragraph, at the top of page 6. I do not think the two have been coordinated. I do not think that line 6 from the top has been coordinated with line 3 from the bottom.

MR. [illegible]. I think the record shows what we are at.

MR. [illegible]. May I request the [illegible] to have the 1984 per [illegible] figure determined by applying the work table percentage of the preceding year to his proven ability to produce.

MR. [illegible]. Yes.

MR. [illegible]. Suppose we just add the words "of the preceding year", following the words "workable percentage", making it read "by applying the workable percentage of the preceding year?"

I think [illegible] [illegible] to [illegible].

MR. MUNN. You might say "of the workable percentage to old pressure". No, that is not right, either.

MR. [illegible]. Would like i which now reads "shall be computed by applying the workable percentage" by adding the words "of the preceding year".

MR. MUNN. May I call attention to the fact that the workable percentage as used at that place refers to the workable percentage to be determined pursuant to subdivision (a) of the section, which is the workable percentage of the current year.

MR. [illegible]. Only, of any year, is it not, sir. Doesn't it say the workable percentage of the preceding year determined pursuant to subdivision (a)? Do we could take care of it, would it work?

MR. REESE. I do not think so. You are fixing a basis upon which to arrive at the quota of the new processor of 1934 for 1935 and subsequent years, we will say. You first have to fix the base of his participation in the amount available for distribution and that is what you are doing here in this sentence that Mr. Spah is proposing an amendment to. It reads: "The average annual number of units of a processor who was entitled to and received an allotment as a new processor in 1934 shall be computed by applying the marketable percentage, determined pursuant to subdivision (e) of this section, to such processor's proven ability to produce as of April 2, 1934."

In other words, as that sentence reads the basis of participation is his proven ability to produce as of April 2, 1934. To participate in what? To participate in the distribution that is to be made.

MR. SPAH. No.

MR. REESE. I think if you will go back to my original amendment there, and I do not want to prolong the argument, you will find it carries out exactly what we have in mind. As Mr. Reese points out, this refers in line 5 to subdivision (e). You drop down to subdivision (e) and subdivision (e) tells you about this provision you were going to carry out in obtaining this quota. Then you are going to apply the marketable percentage obtained in that manner to what? This says "to such processor's proven ability to produce as of April 2." In other words, that says to 100 percent of that processor's proven ability to produce. We say that the 100 percent is too much. So we say amend by limiting it to 74.73 percent of such processor's

proven ability to produce, therefore, making it read:

"By applying the marketable percentage". For the sake of understanding, let us omit that clause in there which reads: "determined pursuant to ability to produce". I mean, subdivision (c) of this section. Let it read this way, and this is not an amendment but merely for clarification: "by applying the marketable percentage to 74.73 percent of such processor's proven ability to produce." That certainly is what we have in mind.

MR. SHER. That is to give him his allotment?

MR. SPEN. Yes.

MR. SHER. This whole section only purports to give him his base.

MR. REESE. That is to give him his base.

MR. SHER. Not if you apply the marketable percentage to 74.73. That is going to be his allotment, not his base.

MR. REESE. But this has to be applied to the base. It is rather awkwardly expressed, but what we are doing is fixing his base.

MR. BRAUN. There has been a confusion between the current year and the year preceding in the phraseology leading up to proven ability. I mean, giving the new producer a basis for allotment.

MR. REESE. You see, Mr. Braun, as the matter stands, if you will pardon me just a minute, and I apologize for interrupting you so much, you have just finished in this provision in fixing the basis of participation of the old producer on what we call the four-year average. Now, you go? on and in the same connection you fix the basis of participation of the new processor

of 1934 because he does not come within the four-year average class. I think the language can be very substantially improved.

MR. BRAUN. I think we have enough to change that language.

PRESIDING OFFICER COOK. I think there is enough in the record.

MR. BOOTH. Mr. Chairman, it occurs to me that the result of that might be to put the 1934 new processor back in practically the same predicament that he found himself in in 1934. If I understand the proposition, and I am not sure I understand it, that is the case and that is the reason I am asking the question.

As I understand it, the new processor for 1934 made his application and had his case considered and his ability to produce was fixed just as in the case of all other processors. It was found that he could not be allotted beyond the three percent set aside for his class, consequently, he got 44 percent, if I understand it correctly. On first reading, I thought the intention of this was to put him in the same class with other processors for his assignments or his allotment for 1935. If that is true, then, he should be allotted on the same basis that other producers or processors are allotted but if we make 74.73 his basis and then allot him 70 percent of that, you will find he is back with about 50 percent or perhaps a little in excess for this year's operation. I am not sure I understand the basis upon which it is supposed to make the 1935 allotment to the processor who was a new processor in 1934 and who is a new processor in 1934. I would like to know if Mr. Speh has any information on that, if he is still held in

a distinct and separate class from the old processors for 1934?

MR. [illegible]. The so-called new processor of 1934 will have as his base figure 74.73 percent of his ability to produce as of April 2, 1934. If that ability is 100 barrels, he will have as his base figure 75 barrels. That is his base figure. He then participates in the distribution in the same extent that all other producers do and if the marketable percentage applied to all other producers is 70 percent, then he receives 52 and a half percent of his ability to produce.

"In the event such applications are filed prior to the beginning of the year for which quotas are being fixed, so as not to contain figures for the unexpired period of the current year, the Control Committee, in the foregoing computations, shall consider each applicant as having processed during such unexpired period a number of units equivalent to the number of tags issued or to be issued to such applicant during such unexpired period, pursuant to the provisions of paragraph 4 of section 11. (h) The quota of any applicant may be adjusted to accord with the terms of a lease existing prior to September 14, 1933 requiring the working of a minimum number of crops."

MR. [illegible]. May I interrupt you just a minute. I did not know you had finished the preceding paragraph.

PRESIDING OFFICER COOK. That is really all one paragraph.

MR. [illegible]. I wanted to go back to the treatment of the new processors of 1934 and direct attention again, Mr. Chairman, to the fact that if the committee's amendment is adopted, I very much fear with the language appearing as it is that what you are doing is to base the new processor's participation upon 74.73

percent of 94 percent of his proven ability to produce during the year 1934. I say that on account of the date, April 2, 1934, appearing in here. It certainly makes it ambiguous, because the committee last year meeting late in March, after reviewing the statistical information available, ruled that it would be conclusively presumed -- that is, the effect of it-- that each processor had marketed by April 1st, six percent of his total production for 1934.

PRESIDING OFFICER COOK. You want to know whether it means 100 percent of the whole year's production or 94 percent?

MR. REESE, Yes. Well, I know the control committee's idea in suggesting that percentage. I have already stated I think that is entirely too low for the new processor of 1934, but I am sure the idea behind it is that he shall participate as his base figure to the extent of 74.75 percent of his full year's capacity to produce.

MR. SPEE. Well, the control committee has not discussed that particular point. I certainly think they would be glad to have any wording which would recognize that it meant 100 percent for that year.

MR. REESE. I knew you would.

MR. SPEE. The first suggestion we have in connection with the last part of Section 5 is that that subdivision headed (h) be removed from the end of that particular paragraph and follow (g) up above. As you can see from all of this misunderstanding, I am sure a rearrangement of these sections up here with different letterings would help.

PRESIDING OFFICER COOK. If it were arranged in accordance with the license, it would help.

MR. SPEH. Yes.

MR. AYCOCK. Mr. Chairman, may I say a word?

TESTIMONY OF THOMAS I. J. AYCOCK, JACKSONVILLE, FLORIDA, REPRESENTING AYCOCK LINSEY CORPORATION.

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER COOK. What is your name and address?

MR. AYCOCK. Thomas J. Aycock, Jacksonville, Florida.

PRESIDING OFFICER COOK. Whom do you represent?

MR. AYCOCK. Aycock Lindsey Corporation.

PRESIDING OFFICER COOK. You may proceed with your statement.

MR. AYCOCK. I want to suggest in reference to paragraph (h) that has just been read by Mr. Speh, that we change the word "may" after the word "applicant" to "shall".

My reason, Mr. Chairman, for that suggestion is to relieve the control committee of the grave responsibility in connection with the leases requiring the working of a minimum number of crops, in view of the fact that most of those leases carry severe penalties. Frankly, those leases forfeit the entire lease if the minimum number of crops are not worked, and I feel that any protection to the owners that own those leases that can be given should be given and the control committee should be required to do that and it should not be left to their discretion as to how they should handle the matter. They should be relieved of the responsibility and those that have the leases should not be subject to what they desire.

MR. SHER. Have you anything to say with respect to that suggested amendment?

MR. SPEN. No, we have not. The way the thing stands now, the chances are the committee would have considered all of those special leases as distress cases. In fact, the way special leases have been handled, has been, first, there must be evidence that there was a requirement in reference to working a minimum number of crops with the penalty of complete loss of the lease and other rights or privileges. Then the committee arbitrated and bargained with the parties. The processor, and in most cases the timber owner, was there. We just simply arrived at some figure that was satisfactory to both parties. We then said "All right, we will increase the allotment to just that much." That is the way it has been handled. The committee in a way has never completely recognized that clause other than as a special case of distress, and have done what they could to relieve it. How the committee would stand on the substitution of the word "shall", making it compulsory that they recognize it, I do not know. I would not want to take that responsibility. I would suggest that the committee be permitted to discuss the matter in their brief and make a statement as to what they would recommend in the light of their experience.

MR. CALLAHAN. How many such cases do you have of that type?

MR. SPEN. I think there were about eight.

PRESIDING OFFICER COOK. Just how do you determine what are actual leases that are in existence? Are they on record?

MR. SPEN. They are required to bring in a copy of the lease and there is generally a very formidable and official looking docu-

ment brought in. The date is shown in there as well as the date of the lease.

PRESIDING OFFICER COOK. Are those leases recorded in this state?

MR. SPEH. Yes, sir.

PRESIDING OFFICER COOK. Do you require them to be recorded before you consider them?

MR. SPEH. No; but as a general rule they are recorded in protection to the lessee.

MR. AYCOCK. Mr. Chairman, with your permission, I would like to suggest after the words "the minimum number of crops" the insertion of the words "or the timber on a certain area or areas". In other words, gentlemen, some of these leases require the working not of a minimum number of crops but the working of a certain area. That is the reason for this last suggestion. While I feel sure this present control committee will continue to handle in a most equitable manner cases of that kind, I know of large leases that have been of long years standing and the land owners would welcome an opportunity to cancel those leases and if the producer or processor was unable to comply with the terms of the lease they would probably be canceled. I submit under the present wording of the agreement this places quite a responsibility on the control committee and places the operator in a rather precarious condition unless the word "may" is changed to "shall".

PRESIDING OFFICER COOK. Anything further from any one else?

(No response.)

PRESIDING OFFICER COOK. If not, you may proceed, Mr. Spah.

MR. BENEDICT. Mr. Chairman, I would like to say that we have a lease of that kind that was not recognized as a privileged lease by the committee on the ground that we had an additional quota which we could use in order to save the lease. In other words, we dropped working our own timber and applied the tags for that to this special lease. I want to express myself now that I do not think it is fair to do that and that the word "shall" should be used.

MR. MCCARTHY. Mr. Chairman, I would like to suggest that if it is determined to require the committee to consider the minimum number of crops in a special lease, that Mr. Aycock's suggestion as to a given area be also included.

PRESIDING OFFICER COOK. Would you want the committee to have the power to set up certain rules as to how that lease should be --

MR. MC CARTHY. How is that?

PRESIDING OFFICER COOK. Would you want the committee to have the power to set up such rules as to how that lease should be regarded, so as to be sure it is a bona fide lease? This is not an insinuation that men may have the leases dated wrong, but you know that has happened in the past.

MR. MC CARTHY. I did not hear you.

PRESIDING OFFICER COOK. The question arises in my mind and this is not in any way reflecting on the honor of the men here in this business at all, and I am not insinuating they would not be gentlemen in every way, but it might be that a lease could be drawn up and dated back

and advantage could be taken of the other members of the industry. Now, do you think the control committee should be allowed to set up some rules as to whether it should be recorded in order to show it was a bona fide lease prior to that date?

MR. MC CARTHY. I think it should be established that it is a bona fide lease. I am personally opposed to consideration being given to special leases, but if it should be determined that that attention should be given, I think a lease that requires the working of timber on a given area should be considered on the same basis.

MR. SHER. I do not understand. All leases require the working of timber on a certain area. If there is no requirement of a minimum amount of area that must be worked, why cannot the operator use his allotment to the extent the allotment permits him to work it and still satisfy the terms of the lease?

MR. MC CARTHY. That might be. I have a lease of that kind that requires me to work the timber on a given area. It does not specify any minimum number of crops, yet, I am supposed to work the timber on that given area within a specified time. The committee did not recognize my lease as a special lease and I think leases of that kind should be on the same footing as a lease that requires the working of a minimum number of crops.

MR. MILLER. If you got an allotment of 75 percent and you only worked 75 percent of that area, you are still complying with the terms of your lease. Your lease does not say you must work all the timber in the area.

MR. MC CARTHY. Yes. It leases me the timber in a certain area and it gives me the right to work the timber in a certain area. I do not know whether the timber owner could compel me to work it or not. That question has not arisen as yet. But there might be cases where he could. It is my feeling if a special lease is given any consideration, a lease that requires the working of timber on a given area should be given the same consideration as a lease that requires the working of a minimum number of crops. I have always felt that the man who had a lease requiring him to work a minimum number of crops was in a not much different position than the man who had a lease on timber bought and paid for, if he did not get an allotment to work it and had to lose the money he paid on the lease. I think the man who has a special lease could be required to pay for that timber, even though he did not pay for it, and be on the same footing as the man who did not get an allotment to work the timber, who had already bought and paid for it.

MR. PACE. I will answer the gentleman's question about these leases. Some leases for turpentine are operated under a mill land owner's lease and requires the turpentine operator in an area to operate these boxes or I mean the cups in this area, so that when he gets in there he can cut the timber down. Some leases carry with it the provision when he is ready for it, he cuts it down and does away with the turpentine lease because he cannot otherwise build a tramroad in there.

MR. BENEDICT. Mr. Chairman, I would like to add to what I said before or modify that "shall". I am both the lessor of a privileged lease and the lessee of a privileged lease.

Bob Newton here is the lessee and I am the lessor in one lease. We hold another lease in which we are the lessee. I am perfectly willing as the lessor with Mr. Newton to accept the crop reduction cut as a timber owner or as a subscriber to this agreement. I am perfectly willing to accept an absorption or a ten percent cut, in other words, this crop reduction cut this year and the 12.2 reduction that is going to take place, but I do not think it is fair to force me or my lessor to accept a cut of 20 or 30 percent to provide for new processors and to provide for the beneficiaries under the four-year average or to provide for the 5 percent for the emergency pool or 1 percent for new processors. Say that I am an absentee investor in land. I live away from the state, or say that I have one tract of land I lease. Why should I be subjected to a cut to provide for these new processors or the emergency pool or anything like that? I am perfectly willing to accept a crop production cut, but I think it is unfair to force me to take a cut in order to provide for the beneficiary under this four-year average.

MR. SHER. Why not? How do you distinguish between the fairness of a 12 percent cut and the unfairness of the other cut? I do not quite get your point there.

MR. BENEDICT. We are trying to reduce our crops in order to benefit the price.

MR. SHER. That is right.

MR. BENEDICT. Now, if I accept that cut, should that not be all that is necessary? I have done my share. Why should I do more? I have taken the crop reduction cut.

MR. SHER. If you agree there should be controlled production, would you not also agree to accept everything that must necessarily go along with that, which is a pool for equalizing an inequality.

MR. BENEDICT. Assume I am simply a land owner and have one piece of land and have leased that under a minimum crop provision. Say I am a merchant or a lawyer or anything else and that my interests lie in that particular tract of land to get an income out of it. Should I as a land owner have to accept a cut to provide for beneficiaries and so forth. As I said, Why should I? What is the reason?

MR. SHER. I do not intend to argue the question of whether there should be any control or not, but I do not get your distinction in saying that you thought that the land owner might be perfectly willing to agree to a 10 or 12 percent cut but that there was no fairness in making him stand for the setting aside of these other percentages.

MR. BENEDICT. Yes, that is it.

MR. SHER. I do not see the unfairness of the one and the fairness of the other.

MR. BENEDICT. Why is it not fair? I have this property. I am willing for the sake of the industry to accept a crop reduction cut. Why should you expect me to take more to provide for the intricacy of the agreement?

MR. SHER. I come back to my question, why not? Everybody else does, so why should the absentee land owner be in any different position?

Mr. [illegible]. If you agree there should be protected pro-
duction, would you not also agree to permit everything that must
necessarily go along with that, which is a pool for equalizing
a livelihood.

Mr. [illegible]. Assume I am simply a land owner and have
one piece of land and have leased that under a minimum crop
provision. Say I am a merchant or a lawyer or anything else and
that my income is the in that particular tract of land to get an
income out of it. Should I as a land owner have to accept a cut
to provide for benefit-wise and so forth. As I said, why should I?
What is the reason?

Mr. [illegible]. I do not intend to argue the question of whether
there should be any control or not, but I do not get your distinc-
tion in saying that you thought that the land owner might be pur-
chasing willing to agree to a 10 or 12 percent cut but that there
was no fairness in making him stand for the setting aside of three
other percentages.

Mr. [illegible]. Yes, that is it.

Mr. [illegible]. I do not see the relationship of the one and the
fairness of the other.

Mr. [illegible]. Why is it not fair? I have this reason:
I am willing for the sake of the industry to accept a deep reduction
cut. Why should you expect me to other more to provide for the indus-
try of the government?

Mr. [illegible]. I come back to my question, why not? Everybody
else here, so my friend [illegible] land owner is in an different
position?

MR. BENEDICT. I think that is putting the burden of explanation on me. After I have accepted this crop reduction cut, which is the purpose and objective of this agreement, why is it right to demand any more? I have met that.

MR. SHER. Well, suppose you own some land and you are working it yourself. You are taking a cut on that land.

MR. BENEDICT. I have signed the agreement.

MR. SHER. Well, granting that, you are taking the cut when you work your own land. Now, why should you not take the cut when somebody else is working the land? I do not see the distinction.

MR. BENEDICT. There is a difference between a subscriber to the agreement and a man who has nothing to do with it. I signed the agreement and I have to do everything that the association, the cooperative or whatever it is, decides to do, but if I am outside of the agreement, why should the penalties that the members of the agreement agreed to take apply to me, on the outside? Say that you owned some land down here and you have given one of those leases. You say "Yes, it is all right to take the cut, that will help," but why should you take a cut of 20 or 30 percent and you could have easily taken a cut of 50 percent because the complications of this agreement bring it on you.

MR. SHER. I do not suppose that is an arguable question. If he has a preferential lease and wants to stand on it, that is one thing.

MR. BENEDICT. At first I took the position one of these leases should not be cut at all, but when I came to sit down to write Mr. Newton in regard to a lease that he had had trouble with

in getting 100 percent production, I saw it was perfectly fair that I should take the 10 percent cut. If I had not decided that way, I do not know as I would have. So I would like to suggest to that amendment, that the allotment shall be adjusted to take care of that, provided it is subjected to the crop reduction cut.

MR. SPEH. Mr. Chairman, I do not want to prolong this. The point is, I think to clarify the record on that, if I get your idea, you think that the word should be "shall" provided, however, that in no case shall the final allotment exceed that value which would represent a corresponding cut in the volume of production. Is that what you have in mind?

MR. BENEDICT. The crop reduction cut.

MR. SPEH. Provided, however, in no case shall the final allotment received under such special consideration exceed that amount which would represent the crop reduction cut?

MR. BENEDICT. As compared with 1953. It is a 12.4 cut.

MR. AYCOCK. I did not understand Mr. Speh. I would like to have that again.

MR. SPEH. I was trying to clarify what Mr. Benedict had in mind. As I understand it, he says we must consider the special lease and therefore give it consideration and increase its allotment, provided, however, you shall not increase its allotment beyond that figure represented by a cut in the total figure represented by the crop reduction figure. In other words, if the total allotment coming to this man under the special lease consideration would be 1,000 units and he only received an allotment of 500 units, you want to consider him as a special lease. You raise his allotment, but you shall not

is getting 500 percent production. I am in no position to say that I should take the 10 percent out. If I had not decided that my, I do not know so I could have. Do I would like to suggest to that amendment, that the allotment shall be adjusted to take care of that, provided it is subjected to the crop reduction act.

Mr. [illegible]. Mr. Chairman, I do not want to prolong this. The point is, I think to clarify the record on that, if I get your idea, you think that the word should be "shall" stricken, however, that in no case shall the final allotment exceed that value which would represent a corresponding cut in the volume of production. Is that what you have in mind?

Mr. [illegible]. The crop reduction act.

Mr. [illegible]. Instead, however, in no case shall the final allotment exceed under such special conditions based on acreage that amount which would represent the crop reduction act?

Mr. [illegible]. As compared with 1938. It is a 12.4 cut.

Mr. ADDOTS. I did not understand Mr. Chairman. I would like to have that again.

Mr. [illegible]. I was trying to clarify what Mr. Dunkelt had in mind. As I understand it, he says we must establish the normal lease and therefore give it consideration and increase the allotment provided, however, you shall not increase the allotment beyond that figure represented by a cut in the total figure represented by the crop reduction figure. In other words, if the total allotment coming to the farm under the normal lease consideration would be 1,000 and he only received an allotment of 800 units, you want to consider him as a normal lease. You raise his allotment, but you shall not [illegible].

raise it to 1,000 units. If the crop reduction from the previous year has been 10 percent, then you shall raise it to 900 units.

MR. AYCOCK. Let me elaborate upon this suggestion, if you will. I have in mind a lease of 11 years standing, covering at the present time something over 800,000,000 feet of standing timber, owned by two sawmill companies. The lease requires that the operator operate a certain number of crops with a leeway up or down. When the sawmill company is ready for the operator to put up cups they give him certain territory to put them up in, and he is obligated to put them up. If he does not put them up he forfeits his contract, in which case you can readily understand that he is not losing the operation of one year on a given number of crops. He is losing his entire investment and whatever his lease over a long term of years might be worth. In the special case which I have in mind, during the last few years the production from this timber has been reduced each year for two reasons; one, the production of the lumber mills has been reduced and for the reason that the price of turpentine has been reduced. This operation has been reduced from around 17,000 units per year to 5,000 units per year. These sawmill companies will eventually catch up with the worked timber and will cut out a greater amount than they have been cutting out. When they do that they will require the operator to put in more cups. If he does not do so he forfeits his lease. If the control committee could reach an adjustment with the sawmill owners so that the turpentine operator would not lose his lease, that is fine, but he should not be required to lose his total investment as well as his lease. That is the reason I say this question is of such

magnitude and means so much, namely, that the word "shall" should be in there instead of the word "may".

MR. DEAN. Mr. Chairman --

PRESIDING OFFICER COOK. What is your name?

MR. DEAN. R. F. Dean.

(The witness was duly sworn by the presiding officer and testified as follows:)

PRESIDING OFFICER COOK. Whom do you represent, Mr. Dean?

MR. DEAN. The Broadhurst Turpentine Company.

Mr. Chairman, I may be out of order, but I would like to say that we have not heard anything said about the little man. There were several Sunday evening who asked me to come down here. Mr. Aycock's speaking here made me think of it. They said, "There ain't a damned bit of use for us to go. If it comes to a vote, Aycock and Lindsay and some other big operators have 50 to our one, so what is the use for us to go," and one of them, a good man, told me he had got his operations away back yonder; that he owned his own land, and cut them from about 500 down to, I forgot what it was. He had hung four crops last fall and he told me "You see where I am at." I tried to get him to come with me but he would not do it. I just thought the government seems to want to help the little man and it might be a good idea to just mention it.

PRESIDING OFFICER COOK. Do you think this should be "shall" or "may", this paragraph we are discussing as to the duties of the control committee?

MR. DEAN. I think that if the government can say an operator has to shut down and not make so much that they could also say the man

who leases timber can hold up a while.

MR. AYCOCK. Mr. Chairman, for your information I would like to say that in 1929 we were working approximately 425 crops of boxes on which the physical investment was something over $400,000. We have reduced that operation during these strenuous times to approximately 100 crops of boxes. We are working approximately one-fourth of what we were working in 1929. If all of the operators had reduced accordingly, we would not have any need for a control committee.

PRESIDING OFFICER COOK. Anything further?

MR. BOOTH. Mr. Chairman, with reference to the proposition of working a given number of crops or a given area. As I understand it, the control committee has been giving consideration to that proposition in undertaking to handle it in an amicable matter, and, of course, at the same time sticking to the line of procedure that would bring about an equitable reduction. I just have this to say; If that substitution is made, make it obligatory on the control committee or let it be without their discretion. Then I believe in justice to the other operators who have no binding leases or no leases requiring a certain operation that the control committee should at least be required and certainly expected to have those leases established as bona fide, legal documents, existing previous to the date of February 21, 1934, or whatever the date may be which is agreed upon, by the usual method of establishment, either through certified copy from the clerk of the court of record in which these leases have been recorded or to their complete satisfaction otherwise that they are bona fide leases.

PRESIDING OFFICER COOK. Anything further?

MR. SPEE. "Section 6. If the primary quota established for any applicant pursuant to section 5 is in excess of his ability to process

who James Glover was held up a while.

Mr. STUCKE. Mr. Chairman, for your information I would like to say that in 1950 we were working approximately 400 crews of hence my-while the physical inventory was expanding over $40,000. We have related that operation during these strenuous times to operationally 100 crews of hence. We are operating approximately one-fourth of what we were working in 1950. If all of the operators had reduced accordingly, we would not have my need for a medical committee.

Chairman LEONARD HALL. Anything further?

Mr. STUCKE. Mr. Chairman, with reference to the proposition of making a flat payment of $1000 of a given case. As I understand it, the medical committee has been giving consideration to that proposition in connection with Bill 19 in an omnibus matter, and, however, of the same, the adjusting to the line of procedure that would bring about an equitable position. I just have this to say, if that possibility is only done in deference on the medical committee as it is a vital thing. However. That I believe is inherent to the other operation the Bureau is trying hard or to issue requiring a certain operation that the medical committee should at least be required and particularly concerned to give these injured an hour time. Legal decisions, relating previous to the date of February 22, 1958, or whatever the date may be which is second year, by the usual method of establishment, after having obtained that from the clerk of the court of record in which case lawyer very long recovered or to which employer claimed that they are from the lawyer.

Chairman LEONARD HALL. Anything further?

Mr. STUCKE. Thank you. If the medical committee is considering the medical problem to relieve a case of the ability to process

and/or produce or if his secondary quota is in excess of the ability to produce of the person or persons from whom he purchased the crude gum on the basis of which such secondary quota was allotted, or in the event the secondary quota established for a producer, filing an application pursuant to section 4, is in excess of his own ability to produce, then in any such event, the amount of such excess shall be distributed pro rata among other applicants in an equitable manner. In determining the ability of an applicant to process and/or produce, and/or the ability of the persons from whom he purchased crude gum during the preceding year to produce, the Control Committee shall give due consideration to financial resources, timber control and other relevant factors."

Mr. Chairman, we suggest that in line 9 of that section after the word "applicants" insert "other than new processors or new producers", so that it then reads "the amount of such excess shall be distributed pro rata among other applicants, other than new processors or new producers in an equitable manner."

Line 10: In conformity with the comments I made regarding the requirement that the gum buyer be sponsor for the financial ability or production ability of the people from whom he buys gum, we suggest the striking of the words in the fourth line from the bottom of that section beginning with "and/or the ability" and the rest of that line and all of the next line; so that the complete sentence will then read: "In determining the ability of an applicant to process and/or produce, the control committee shall give due consideration to financial resources, timber control and other relevant factors."

MR. BOOTH. Mr. Chairman, I would like to ask Mr. Spah a question in reference to the secondary quota. Why the secondary quota?

MR. SPAH. The primary quota is that quota going to the processor to take care of the turpentine or rosin which he processed from gum which he produced himself. The secondary quota is the quota which is made from the turpentine or rosin from bought gum.

MR. BOOTH. For which the producers have a quota?

MR. SPAH. A quota is set to take care of that volume of gum.

"Section 7. Any applicant processing at more than one location shall be allotted separate quotas for each location, and the computations pursuant to this article shall be made accordingly."

Mr. Chairman, we have a condition within the industry whereby there are affiliated, in some cases, identical interest of separate operations, separate locations. There may be a condition whereby this place A is entitled to receive a quota in excess of his ability to produce. There may be another place B of the same or affiliated ownership that will receive a quota below its ability to produce. The first place has an excess. It must surrender that. The second place has a deficit. It cannot get it through except by distress.

The control committee recommends that in the wording some provision be made for ownerships of that type; that there may be a joint application filed and on the basis of that joint application a joint allotment may be made, to be subdivided among those separate places.

MR. BENEDICT. In regard to this section, I would like to make a statement or suggestion. I am not ready to phrase this. I can simply express myself and explain my situation and that of others. If a land owner or processor has two locations, why they are treated separately. With our own company, as I say, has a separate location which is not being worked. We have one which is say 25 miles from the other location. That location that we have or the still that we have has never been worked. I have held it out since 1925.

We want to start a new operation there. I made application as a new processor for an allotment for that place. I did it knowingly to see whether that could be recognized. Under the rules I do not think they can recognize it. They cannot recognize me as a new processor. Yet you can say I am a new processor. That tract has never been worked. There are three years of back taxes. The only way we can get money for taxes is to work the property. If I cannot get an allotment for that I will have to lose it. If I cannot work it myself I may have to lease it. I think provision should be made in a situation of that kind that a processor may apply as a new processor for an allotment for that tract.

MR. SPEH. "Section 8. The Control Committee may permit two or more applicants to adjust the quotas that have been allotted to them between and among themselves, if the desirability of such adjustment has been established to the satisfaction of the Control Committee."

MR. REESE. I should like to ask Mr. Speh in connection with that paragraph, the amendment that you propose to section 7 would not

tend to eliminate the necessity for section 8?

MR. SPEH. No, sir. The amendment to which I referred was for affiliated or identical ownership. There may be other cases set up where there may be entirely distinct and separate ownership and one processor may have received a perfectly legitimate allotment but because of labor or weather conditions or some other conditions, his production is falling below his anticipated production and he may for that particular month have an excess of tags, and there is another neighbor having no interest in his place whatever that is in distress. In a case like that, it is recognized that possibly it may be fair to those two people to permit them to adjust their quotas.

MR. RUMSE. I feel very strongly on that point myself, that there ought to be no private trading or trafficing in tags. I feel in a case of that sort that the only fair method of handling the situation is to require the applicant who finds he has an excess of these tags to turn them back to the Control Committee and the Control Committee make whatever disposition they think necessary. I have not framed any amendment. I mention that for the purpose of getting the thought in the record and I urge as earnestly as I know how that you gentlemen of the hearing committee give earnest consideration to the thought.

MR. SPEH. Mr. Chairman, I call attention to the fact that the agreement practically provides that new tags must be issued pursuant to the marketing agreement by the control committee. It further provides these adjustments can be made with the approval of the control committee.

that to eliminate the unusually low medians in

Mr. [illegible]. Mr. Chairman, the amendment to which I propose was for criminal or identical convictions. There can be cases that do not in some sense be entirely distinct and separate crimes and the prosecutor may have reasons, perhaps legitimate, why clients not because of fear or another circumstance or some other conditions, are prevented by fright which the malfeasant produces and so may not be not the last defendant. Only in cases of that, and there is another problem having no interest in his place whatever that he is innocent. In a case like that, it is questioned that possibly it may be fair to those two people to permit them to adjust their cases.

Mr. [illegible]. I feel very strongly on that point myself, that court must to be on private hearing or just taking in hand. I feel it a sense of that most that the only fair method of handling the situation is to require the applicant who first be has an amount of time hope to have that most to the Control Committee and the Control Committee make recommendations they think necessary. I have not framed my amendment. I mention that for the purpose of getting the thought in the record and I hope as correctly as I know how that you gentlemen of the Committee consider the two amendments to the [illegible].

Mr. [illegible]. Mr. Chairman, I am satisfied in the [illegible] that the amendment presentably provides that no case may be tried primarily by the matching commands by the medical committee. It further provides those adjustments are to made with the approval of the control committee.

MR. KEMP. I understand that, but I am trying to relieve the control committee of the situation where two men come up there and one said "I have tags I do not need and I have agreed to let John have them." I do not think the control committee ought to be placed in the situation of having to sit down and say "John, you cannot have them." That creates feeling. John feels he is entitled to them. He has traded for them and he has probably paid for them or agreed to pay for them. I think the plan that ought to be followed is that that man turn his tags back, the man who has an excess supply ought to turn his tags back to the control committee and the control committee will know the cases of distress better than anybody else. They will know where those tags can do the best good to the greatest number and the situation ought to be handled in that way. If they are not needed for distress cases, they might be retired and the crop reduced by the number of units that the tags represent or if they are not handled in that way, then, they might be allocated generally among the producers.

MR. SPEN. I am sure the committee would welcome such a change in there and a strengthening of their hands to actually carry that out. Our experience has shown we would welcome that very thing.

MR. KEMP. I thought you would.

MR. SPEN. Section 9. "1. At least five days prior to the date fixed for allotting quotas, any new processor or new producer may file a written application with the Control Committee stating the amount of crude gum and/or cleaned gum and/or gum turpentine and gum rosin which such applicant desires to process and market and/or ship,

Mr. Speaker: I understand that, but I do try to believe the author's conclusions of the distinction which you have made by there and one said "I have kept I do not read and I have agreed to let them have them." I do not value the charge conditions ought to be placed in the statutes of having to do this and not those, you answer here there. That covers that. Then there be is additional to them. So has found for them and to his publicity paid for them or agreed to pay for them. I think the plea that ought to be followed is that when one has been the huge bank, the bank the bill or whose duty ought to have the been made to the matrial condition and the matrial conditions will have the idea of finance. Surely that majority view. They will have where there huge and do the bank pay to the greater number and the distinction might be in matrial to that say. If they are not banked for matrial cases, they might be unjustly affected by the number of bills that the huge payment or if they are not banked in that bill, then, they might be unjustly penalty among the producers.

Mr. Speaker: I am sure the conclusion will without such a change in there and a distinguishing of bill bank is already every with the. The departure has been in small matters that very thing.

Mr. Speaker: I thought you said.

Mr. Speaker: Section 8. "2. At least five days prior to the date fixed for sitting years, any the petitioner or the respondent may file a written requisition with the Senate) petition setting the names of such the active claims the medical or medical the you with also the "qualified claims in person and further and be sit.

and the amount of crude gum which such applicant desires to market and/or ship, together with satisfactory evidence as to ability to process and/or produce similar to the information required in subdivision (d) of paragraph 2 of section 4. At the time of filing any such application, each processor shall make a payment to the Control Committee as provided in paragraph 5 of section 4."

Mr. Chairman, we suggest in connection with this paragraph that in line 2 the word "may" where it says "a new producer may file", strike the word "may" and substitute "shall", making it read "a new producer shall file."

PRESIDING OFFICER COOK. Will you give your reasons?

MR. SPEN. The way it stands now it might be interpreted that although he would like to receive an allotment it is not entirely obligatory that he file an application, and we want to have it distinctly understood that he must file an application in order to receive that allotment.

"2. The Control Committee may check the accuracy of any such application, and substantiate or verify the same in such manner as it may determine, and on the basis of its findings may revise any of the statements therein contained."

We suggest striking the word "may" and substituting the word "shall". While we do not feel it is necessary to force the control committee to check the accuracy of these figures, we think it might just as well be put in there. And in line 3, strike the word "revise" and substitute therefor "amend any allotment made upon the basis of" in conformity with the previous amendment under similar conditions.

"3. From such applications, as the same may be revised, the Control Committee shall, from the quantity set aside for new processors and new producers pursuant to section 5, ratably allocate quotas to said applicants in accordance with abilities to process and/ or produce: Provided, however, That no such quota shall exceed one thousand units."

The Control Committee suggests after the word "applications" add the word "or", making it read "or as the same may be" and then striking the word "revised" and substitute "amended", making it read "or as the same may be amended."

The last line of that section now reads "That no such quota shall exceed one thousand units." We suggest striking "quota" and substituting "that no such application shall be for in excess of one thousand units".

"4. In the event the total allotted, pursuant to this section and/ or pursuant to sub-section (c) of section 5, shall be less than the amount set aside pursuant to section 5, the amount of any excess may be ratably distributed in an equitable manner among applicants, other than new producers or new processors.

"Section 13. Where a processor sells, leases, or otherwise disposes of the ownership or control of part or all of his timberland or leases upon the basis of which a quota has been allotted to him, a proportionate share of his quota shall accompany such transfers: Provided, however, That the purchaser or lessee shall establish to the satisfaction of the Control Committee his ability to fulfill the amount of the quota accompanying such transfer."

MR. BOOTH. Mr. Chairman, referring to Section 10, I would suggest that in the second line, or rather, I believe I would prefer to read the changes I would suggest. In the second line after "timberland or lease" I would inject "or leases expire, the basis of which a proportionate share shall accompany his transfer or expiration".

MR. [illegible]. Will you have him read that again?

MR. BOOTH. I will read it all. "Where a processor sells, leases, or otherwise disposes of the ownership of a part or all of his timberland or leases expired upon the basis of which a quota has been allowed to him, a proportionate share of his quota shall accompany such transfer or expiration."

PRESIDING OFFICER COOK. Will you give your reasons for the suggested amendment?

MR. BOOTH. My reasons are the provision for the transfer of leases and the transfer of equities or allotments at the same time are all well and good, but the same owner of leases whose lease expires, it leaves the owner of the timber without any right of operation.

If the lease expires, my position is and has been all the while that the quota should expire. I might say this right here, that the great difficulty the control committee had and the cause of their missing the mark after they computed the three percent would cover new production was caused by timber owners taking up their timber at the expiration of the leases of lessees and the workings of lessees and having to apply as new producers in order to work this new timber. It leaves thousands and thousands of small

timber owners in the timber and turpentine belt without any opportunity of using their timber after the lease has expired. That lease may have been for three or four years. The rule for working timber now is more often five to eight years than it is three or four years, while the general average lease or life of a lease is about four years. After the timber owner has accepted a lease for four years, I cannot see any reason why at the expiration of that lease, the lessee should walk off with the right to operate that timber and just defeat the rights of the timber owner and the rights of real ownership. For this reason I believe that the provision that provides for the transfer of leases and lease rights along with that equity or allotment should also provide for the transfer or the leaving of that allotment with the timber at the expiration of the lease.

MR. SMITH. What would you do then with the operator, if the quota goes to the land owner, after the lease expires? What happens to the operator who has had an allotment for two, three, or four years? Does he come in as a new producer?

MR. BOOTH. The operator would, of course, be reduced by that.

MR. SMITH. Your plan would put him out of business if his whole lease expired. He would be out of business.

MR. BOOTH. I think not. I believe if that rule were followed that the operator may be able to secure timber from people who had allotments and maybe timber with which the allotment remained. In other words, to be perfectly frank, my position is that the allotment should follow the timber rather than the man or the operator. Of course I have had objections fired at that argument that it would put the lessee

or operator out of business, but I contend, gentlemen, that the lessee or operator nor no other operator has a vested right of title or interest in my timber or your timber further than the lease conferred it and he should not be permitted under any arrangement to confiscate the right of ownership.

MR. SHIRR. Under one plan you say that the land owner is at the mercy of the operator. It seems to me that under the other plan the operator is at the mercy of the land owner, so you will have to take your choice as to who should be at the mercy of whom.

MR. BOOTH. I would not care to destroy the lessee operator. I would not interfere with his operations so far as his leases are concerned, and so far as his rights go under his leases, but I do not subscribe to any arrangement that continues his right as a class to my property or your property or the property of any owner in the turpentine belt or any other belt, for that matter, as a matter of principle. If he cannot secure timber with an allotment, of course, he would go out of business and likely he ought to. He has no business walking around with an allotment for my timber for which he has no right or title or no interest further than the fact that he has stripped it, chipped it or dipped it for a certain time under a lease.

I realize this proposition is a little larger than the question involved in this particular question. I do not know where it should be injected or whether it should be in here at all or not in this proposition, because, as I have already said, it seems that this marketing agreement and arrangement presupposes that it is a lessee operation or establishment and has left out of the picture very largely the individual owner of the land and the timber on which he is operating. For my

part, I have not been in favor of a marketing agreement, especially of the kind and character that we have had.

PRESIDING OFFICER COOK. Let us not get into whether you are in favor of or opposed, because we are going to cover that later. We are going to go into the matter of whether you are in favor of or opposed to the marketing agreement. I think the record covers pretty well your ideas on this particular section.

MR. BOOTH. I was going to say that notwithstanding that I subscribed to the marketing agreement and have cooperated and am still cooperating as fully as possible, yet, I do not recognize the justice of this feature and that is the reason I make this explanation and protest and argument at this time.

MR. BENEDICT. I just notice you have reached the end of the real allotment sections. If it is proper, I would like to submit these alternative suggestions that I have. It will not take five minutes.

PRESIDING OFFICER COOK. The idea was to finish up Article V if we could today.

MR. BENEDICT. These suggestions I have/not been completely prepared. It is only some alternative suggestions.

PRESIDING OFFICER COOK. Are these amendments to the general plan of allotment?

MR. BENEDICT. It is an entirely different plan.

PRESIDING OFFICER COOK. Is it Mr. Reese's plan?

MR. BENEDICT. It is neither.

PRESIDING OFFICER COOK. I think we should have these later. In that way we can keep the record in here in order. Will you be here tomorrow?

MR. BENEDICT. I would like to get away tonight.

PRESIDING OFFICER COOK. I guess we all would.

MR. BENEDICT. I thought you gave me permission a while ago after we got through the allotment business to give these.

PRESIDING OFFICER COOK. We are not through with the allotments because we have not had the amendments to this very allotment.

MR. BENEDICT. You get down to the tag business and the tag provision is the conclusion of the allotment business.

PRESIDING OFFICER COOK. But we have not had amendments to these plans. While we have them in mind, there are certain men here that want to make amendments to whichever one goes into effect. For instance, the gentleman here wishes to take about 15 minutes to explain what his clients want in case either one goes in.

MR. BENEDICT. You are the boss.

MR. BOYKIN. Would I be out of order if I asked the Chair to give its designation or rather what it considers the term "new producer" means in connection with what Mr. Booth had to say?

PRESIDING OFFICER COOK. I believe there is a definition of "new producer" to start with. You will find the definition of "new producer" on page 6, section 5, line 5,"which shall be allotted to new processors who did not process during the calendar year next preceding the year for which quotas are being established".

MR. BOYKIN. Would that not of itself eliminate the proposed amendments unless we apply a different term to the words "new processor"? Would that not do away with the amendment which Mr. Booth offered or suggested?

MR. SHER. I think if Mr. Booth's amendment were accepted and approved, changes would have to be made all the way through.

MR. WARD. You would probably have to have a new agreement with the timber owners rather than processors.

PRESIDING OFFICER COOK. We will recess until 7:30.

(At 5:45 o'clock, p. m., a recess was taken until 7:30 o'clock, p. m., of the same day.)

EVENING SESSION

(The hearing was resumed at 7:30 o'clock, p. m., pursuant to recess.)

PRESIDING OFFICER COOK. Mr. Spah, will you go forward where we left off and finish up Article V.

MR. SPAH. "Section 11. 1. The Control Committee shall each year issue tags in the form of stamps, metal plates, or in such other convenient form as it may determine, which shall be marked with a number identifying the processor, the serial number of the tag, and the year for which it is issued. Such tags shall be of appropriate classes marked substantially as either "crude gum" tags, "cleaned gum" tags, "turpentine" tags, or "rosin" tags, and shall be issued in such quantity denominations of crude gum, cleaned gum, turpentine or rosin (as the case may be) as the Control Committee shall determine."

We have no comments to offer.

PRESIDING OFFICER COOK. Is there any comment from any one else?

(No response.)

MR. SPAH. Paragraph 2. "During each year the Control Committee

Mr. GUTH. I think if Mr. Pool's amendment were accepted and approved, changes would have to be made all the way through.

Mr. MAGE. You would probably have to open a new agreement with the labor unions rather than processors.

PRESIDING OFFICER GOAR. We will recess until 7:30.

(At 5:45 o'clock, p. m., a recess was taken until 7:30 o'clock, p. m., of the same day.)

(The hearing was resumed at 7:30 o'clock, p. m., pursuant to recess.)

PRESIDING OFFICER GOAR. Mr. Spat, will you go forward where we left off and finish up Article V.

Mr. SPAT. "Section 11. A. The Hardwood Committee shall seek your issue tags in the form of stamps, metal plates, or in such other convenient form as it may determine, which shall be marked with a number identifying the processor, the metal number of the log, and the year for which it is issued. Such tags shall be of appropriate sizes and distinctively on either "crude gum" tags, "cleaned gum" tags, "tupelo" tags, or "rosin" tags, and shall be issued in such quantity determined to cover gum, cleaned gum, tupelo or rosin (as the case may be) in the current inventory that divisible."

We have no comment to offer.

PRESIDING OFFICER GOAR. Is there any comment from any one else?

(No response.)

Mr. SPAT. Article 6. "During such year the Control Committee

shall issue to each applicant (other than new processors or new producers) (a) turpentine tags of total denominations equivalent to the primary quota of such applicant as determined pursuant to subdivision (f) of section 5, together with rosin tags of total denominations equivalent to the quantity of rosin which will be produced by such applicant, in connection with the processing of said primary quota, as determined by the Control Committee; (b) crude gum tags of total denominations equivalent tothe secondary quota of such applicant as determined pursuant to subdivision (g) of section 5. The Control Committee may determine that such crude gum tags shall be delivered directly to the producers of the crude gum included in such secondary quota. The Control Committee shall also issue crude gum tags to each new produser of total denominations equivalent to the quota allotted to him pursuant to section 5 and to each new processor, turpentine tags of total denominations equivalent to the quota allotted to such new processor, together with rosin tags of total denominations determined in the same manner as provided in subdivision (a) of this paragraph."

Mr. Chairman, as a result of the experience this year, the committee suggests that this paragraph be amended. Line 2 where it now says "together with rosin tags of total denominations equivalent to the quantity of rosin which will be produced by such applicant" to be in conformity with the definition of units under definitions, and this is the thought "the quantity of rosin tags to be given in the ratio of three and one-third barrels of rosin to one barrel of turpentine, provided, however, that the control

shall issue to such applicant (after the payment of the producers) (a) temporary tags of total domestication equivalent to the primary quota of such applicant as determined pursuant to subdivision (2) of section 8, together with such tags of total domestication equivalent to the quantity of milk which will be produced by such applicant, in accordance with the processing of milk primary quota, as determined by the Control Committee; (b) such gas tags of total domestication equivalent to the secondary quota of such applicant as determined pursuant to subdivision (3) of section 8. The Control Committee may determine that such such gas tags shall be delivered directly to the producers of the such gas included in his secondary quota. The Control Committee shall also issue such gas tags to such new producers of total domestication equivalent to the quota allotted to him pursuant to section 8 and to such new producers, temporary tags of total domestication equivalent to the quota allotted to such new producers, together with such tags of total domestication obtained in the new manner as provided in subdivision (4) of this paragraph.

Mr. Dairman, as a result of the amendment this year, the committee stipulated that this paragraph is added. Like I have it now as an "together with such tags of total domestication equivalent to the quantity of milk which will be produced by such applicant" to be in conformity with the definition of and in order definition, and this is the thought "the quantity of milk tags to be given in the ratio of three and one-third pounds of milk to the pound of vegetable, survival. Sorry, Mr. the meaning

committee may upon satisfactory evidence adjust the rosin tags to conform with the conditions under which the ratio of rosin to turpentine is actually produced."

PRESIDING OFFICER COOK. Anything further on that paragraph?

MR. SHER. Do you want to comment, Mr. Speh, on the amendment about the control committee determining that the crude gum tags shall be delivered to the producers?

MR. SPEH. I do not believe so. Apparently the idea has been accepted in Washington.

MR. SHER. I think for the purpose of the record you ought to comment on that.

MR. SPEH. We have had more than the desirable number of complaints this season upon the fact that the producer of crude gum did not always find his crude gum tags as readily acceptable as you would like to have handled them. A good many times that was due to misunderstanding. A good many times it was due to a lack of willingness on the part of the gum producer to take a corresponding cut in the production of gum as the processor; but whatever the explanation was, it has been recommended by Washington and acceded to by the control committee, in the light of its experience, that the gum tags be sent direct to the gum producer. The system, of course, will be this, if I might say so. We have now under consideration sending each gum producer his allotment of tags. They will be sent to him twice a year, on January 1st and July 1st. He will receive on January 1st or as near thereafter as we can get to it his supply of tags for the first six months of the year, I believe 41 percent of his total allotment. He will

receive 41 percent, if that figure is correct, of his total allotment of gum tags. There will be a certain proportion of them, two percent stamped January, two percent February, two percent March, and so on right down through to the June tags. Now, he may sell all of the gum he wishes and transfer all of the tags he wishes to transfer to the gum buyer, but the gum buyer cannot exchange those tags for turpentine and rosin tags, permitting him to make a shipment of that turpentine and rosin, until those tags become due, namely, during the month of January he can exchange the January gum tags, but not the February and March tags and so on. During the month of February he may exchange all of the January and February gum tags which he may have on hand. So that does give us monthly regulation and still we do not have to send out a monthly quota of tags to about eight thousand different gum producers.

MR. SMER. What about payment for those tags? When would payment be made?

MR. SPEN. Payment will be made by the processor who exchanges and when he exchanges those gum tags for the turpentine and rosin tags on the basis of six cents for each gum tag he exchanges and they are to be exchanged in units of five.

MR. SMER. There is to be no charge at the time the tags are sent out?

MR. SPEN. There is no charge made to the gum producers for the tags; however, in theory it is anticipated that the gum buyer will deduct six cents for each barrel of crude gum which he buys from the gum seller to take care of the cost of that tag.

MR. GALLAGHER. What shall be done with the tags for November and December at the end of December, 1935; the unused November and December tags?

MR. GREEN. They will be in the same condition as we are today. They will be in the same condition, namely, all tags issued during 1935 I presume will be null and void on December 31, 1935.

MR. [illegible]. I want to make a comment, if you please, Mr. Chairman, with reference to the amendment suggested, putting it in the power of the control committee to recognize those cases where a larger percentage of rosin tags may be required to cover the turpentine tags, which is three and one-third rosin to one turpentine. I do not think the amendment is particularly material, because I take it as the situation now stands it is necessary for the processor to negotiate with the control committee where his production of rosin may exceed three and one-third barrels of rosin to the barrel of turpentine. I am not an expert turpentine operator by any means, but it is my understanding that the quantity of rosin that is made is dependent largely upon what is called the scrape crop. That is, the crude gum that crusts on the surface of the tree during the year's operation. Some years that is much larger than others and on some locations during the same year it is much larger than others. You can readily see if one processor has his cup low down on a tree, a virgin crop, we will say the face has been worked just one year, and another operator permits his gum to exude from away up here and flow all the way down to near the bottom of the tree, there is going to be a larger crusting of this gum on the face that is worked in the latter case. The

turpentine content of that scrape, as it is called-- you have to scrape it off the surface of the tree and this is the reason it is called scrape-- the turpentine content of that is much lower than it is in the gum that falls into the cup below, which means that the rosin content is higher. I just want to make sure it is clear that the three and one-third rosin tags to the one turpentine tag is not final, and that where a condition does exist where there is a larger crop of scrape that a man will not be deprived of the right to market the rosin that he makes from his allotted quantity of turpentine. Now, that is important. I do not think there ought to be any discretion vested in the committee on that point. I think the extent to which the discretion ought to go is to permit the committee to satisfy itself that the representation made by the processors are true. Is that your understanding, Mr. Speh, of your proposed amendment that that is the extent to which it would go?

MR. SPEH. I daresay that would seem to be the practice.

MR. HUTSON. I just want that to be considered to make sure that is the case.

On the second point, I am suggesting an amendment to strike the words "may determine that such crude gum tags shall be delivered," appearing in line 7 on page 10. The sentence is "The control committee may determine that said crude gum tags shall be delivered" and so forth. I suggest striking the words mentioned and substituting therefor "shall deliver".

Now, Mr. Chairman and gentlemen: According to my information one of the greater abuses of the marketing agreement during the present

year has been where these so-called gum buyers would get an allotment of tags for designated gum producers and those tags would never reach the destination intended. Instead of permitting the gum producers that that particular processor had represented and controlled or whose products he had handled the year before, the processor would trade and traffic in these tags and would give them another man who had no tags, if he could buy the gum from the second man cheaper. I wonder if I have made that clear?

PRESIDING OFFICER COOK. I believe the record is sufficiently clear on that point.

MR. RESEN. Where the tags are supplied to the processor instead of to the gum producer, my information is, and I am not able to prove this, but I have heard rumor after rumor to this effect, that this particular gum buyer instead of recognizing the rights of the gum producer, whose quota he had claimed to the tags he had received, the processor has received, trades and traffics in those tags to his own advantage, and to the detriment of the gum producer whose quota he pretended to the control board he represented. That is an inexcusable situation. I perhaps am in a better position to speak plainly about this than Mr. Spah, representing the board, because, while I do not know all of the facts, I do know the reports that have come to me and I believe them to be well founded, but I think that a large part of the violations and the inexcusable occurrences that have happened under the operation of the marketing agreement would be obviated if it should be mandatory upon the part of the control committee to issue to the gum producers direct the tags to which that gum producer is entitled, regardless of who made the application for them.

I will say also in that connection I have an idea, without anything in the world to support it except the great surprize that all of us had when the size of the 1935 crop was finally announced and it seems it is still growing, that there have been any number of duplication of applications of these gum producers. I think what had happened has been that this processor here would claim on behalf of a gum producer named Jack Johnson and Mary Johnson, his wife, would file a claim as a gum producer. Jack's tags would go to the processor who claimed Jack's tags and Mary's tags would come to her although there is just one operation. I think that is a loophole that ought to be closed in every way possible.

PRESIDING OFFICER COOK. I think you have made yourself very clear.

MR. SPEH. I do think in fairness I should enter this statement into the record. That would be entirely possible if it was not that we depended to a large extent upon the factor's reports of the volume that they handled. If John Brown is a shipper to a factor and John Brown shows that during the year he shipped to that factor 500 units of turpentine, irrespective of duplication or not duplication, it is 500, and that is all there is to it. Now, then, the misstatement may be in the extent of the amount that he produced from his own timber and that which he produced from bought gum, but nevertheless the outside limit is 500 barrels. I would say 85 percent of the figures have been verified against the factors list.

MR. GALLAHUE. How often were tags distributed this year?

MR. SPEH. Every month.

MR. GALLAHUE. Upon what promise do you propose to distribute them every six months during the coming year?

MR. SPEER. On the premise that we are still making available only the required percentage in here by that method, and then obviating the necessity of every single month going through this proposition of mailing out to six or eight thousand people, which would seem to be more than the control committee could stand as far as office help is concerned and the mailing expense.

MR. GUILAHUE. What would be the mailing expense?

MR. SPEER. That I do not know, but I know it would be tremendous. Some of these people only receive probably two gum tags a month or probably three gum tags a month.

MR. SPEER. Do you think you are going to have more trouble having the producers lose the tags for the last two or three months of the period than you would if you sent them out month by month?

MR. SPEER. Well, I do not know. We have big business men who lose the tags and these fellows probably may lose some of them. What is actually going to happen in practice is this man is going to take the tags and he is going to take them to the man to whom he expects to sell the gum. There is not anything we can do about that. He is going to hand the tags over to him to take care of the gum he is going to sell him during the year. There is a substantial volume of this gum coming from producers who are financed by certain processors, in the same way that processors are financed by the factors. In practice that is what is going to happen. In fact, I think we will find that some of these producers will actually tell us "Now, here, send these tags to me but send them care of a certain processor". That is what is going to happen. In other words, that will be his mailing address which he will give to us and we will have to forward them to that particular mailing address.

Mr. [illegible]: Do the people that we are still making [illegible] only the rental payments is been by that [illegible] and that, averaging the membership of every single month going through this program, of million are to six or eight thousand people, which would seem to be more than the [illegible] committee would state is. But as stated only is [illegible] and the building supply.

Mr. [illegible]: What would be the building supply?

Mr. [illegible]: That I do not know, but I know it would be [illegible] or three years only average probably two and half a month or probably three and half a month.

Mr. [illegible]: Do you think you are going to have more trouble having the problems [illegible] for the last two or three months of the period than you would if you took them out month by month?

Mr. [illegible]: Well, I do not know. We have big [illegible] who [illegible] the bus and [illegible] probably may [illegible] or [illegible]. That is actually going to [illegible] it with [illegible] going to take [illegible] and he is going to take them to the [illegible] to [illegible] the gas. There is not anything in [illegible] that. He is going to [illegible] the [illegible] to take [illegible] of the gas he is going to [illegible] during the year. There is a [illegible] volume of this gas coming from [illegible] we are [illegible] by [illegible] [illegible], in the [illegible] [illegible] are financed by the [illegible]. He [illegible] that is what is going to happen. In fact, I think on [illegible] that [illegible] of these gas [illegible] will naturally [illegible] [illegible], here, and there [illegible] to be [illegible] [illegible] [illegible]. That is [illegible] going to happen. In other words, that will be the [illegible] which he will give to us and we will have to forward [illegible] [illegible].

MR. GALLAHUM. What will be the cost of sending each group of tags to each producer?

MR. SPEH. It varies by weight and by zone. It averages about six and a half cents a package.

MR. GALLAHUM. Plus registration?

MR. SPEH. That includes insurance. We do not register. That would cost 10 or 15 cents a package. Mailing the tags would be about six to seven hundred dollars a month, because mailing out 2,700 tags, it costs us about $325 a month.

MR. WILSON. Mr. Chairman, I want to make one statement in reference to the factors record to which Mr. Speh referred. The system of gum buying and mixing that gum bought into the processor's regular production has grown very materially in the last year or two and up until this last year turpentine factors would not keep a separate account of a man's shipment, of his leased or owned timber, and the gum or the turpentine he shipped out of bought gum. We have not done that in every case this year, except where it reached large proportions. Therefore, our records could not show the difference between the turpentine and rosin that processors shipped to us, which was made from his own timber and that which was bought in the form of crude gum. We do not do that now except where his purchases of crude gum reaches rather large proportions; then we set up a special gum buying account with him and that is the reason our records have not been able to show the difference between, except as it might apply on the basis of his average production from a certain number of boxes which he is supposed to work. We agree with Mr. Reese in the matter that the producers' tags should be delivered to the gum producer himself direct.

MR. GRIFFITH. That will be the date of sending your letter of June 19 was yesterday?

MR. ECKE. It varies by weeks and by means. It averages about six and a half weeks a payment.

MR. GRIFFITH. Then negotiations?

MR. ECKE. That includes insurance. It is not one matter. One would cost 10 or 12 weeks a problem. Getting the bond would be about 4; every Department takes a month, bonding and 2,700 pages, it works out about 2000 a month.

MR. GRIFFITH. Mr. Chairman, I want to make one statement in reference to the further hearing to-night Mr. Hook returned. The system of gun buying and stating that gun brought into the contractor's regular production has been very satisfactory in the last year or two and as well this last year. Therefore this would not have a depressing effect of a man's earnings, of his income or usual labor, and the gun of the structure be adopted not of small gun. We have not done that in every case this year, except where it resulted large production. Therefore, our records would not show the difference between the buying and the production adopted in a, which are made from his own labor and that which was bought in the form of scrap gun. We do not in this case assign gunn the production of which the machine which are made up of a material and factor with the large production; when we get up a material and factor with the same factors, except as it has worked with the difference of the production from a certain machine or have also to be adopted in case.

Mr Griffith Mr. Chairman is nothing that the "Engineers" page should be delivered to the gun production finally attach.

MR. BOYKIN. Mr. Chairman, coming as I do from a section of the country where there is quite a bit of gum produced by producers and sold to producers, might I say that the interest of the producer is identical with the individual processor. In other words, being the processor has received under the present plan a decrease from his 1953 production, the producer has received that same increase and obviously he might have received an increase if that processor had received an increase. Now, it seems to me that their interests are so much intertwined so that it might be wise to do this, not allow the producer to receive that tag individually or set apart from that processor. Of course, you have after all to go to that processor's books or records or what not to find out what each producer has put into the market. Necessarily, if I may repeat, the interests are intertwined. I would suggest this, Mr. Wilson, If you will pardon me, that the tags be mailed to the producer or to the processor if the producer so signifies, but that that producer to whom he sold in the preceding year should also attach his signature to any GM-tags, which, as you know, are gum exchange tags. In that way, you will obviate the exchanging of GM-tags from one processor to another. As it now stands, and, gentlemen, I want to go on record as saying this; I want to be fair to everybody concerned and if I am not it is because I do not understand what fairness means.

This is not for the record.

(Discussion off the record.)

MR. BOYKIN. The present system of issuing GM-tags, the way I look at it, is not desirable because they are sent to the processor. That leaves too much advantage to be taken. He may or may not deliver

Mr. BURNS. Mr. Chairman, coming on I do from a section of the country where there is not a mile of gas produced by producers and sold to producers, might I say that the interest of the producer is identical with the individual producers. In other words, being the producer has received under the present plan a decrease from its 1950 production. The producer has realized no more income and evidently is right here realized no increase in that producer but realized no increase. Now, it seems to me that this industry are so much interlocked so that it might be wise to do this, but also the problem to receive that tag individually or not apart from that producers. Of course, you have either all in or with producer's book of records or that not to find out what with producer has got into the action. Obviously, if I may repeat, the industry are interlocked. I would suggest this, Mr. Wilson, if you will permit me, that the tags be mailed to the producer or to the producer if his produces or eligibles, but then that producer who is sold in the producing year should have attach his signature to my CS-tags. Also, as you know, are you producing tags. In that way, you will avoid the complaint of CS-tags from the producer to another. Is it not right, sir, gentlemen. I just so go on record as saying this; I want to be this to everybody concerned and if I am not it is because I am not understood this first time.

This is not for the record.

(Discussion off the record.)

Mr. BURNS. The Chairman, course of issuing CS-tags, the key I think of it, is not Statistic because they are sent to the producers that leaves too much advantage to be taken. We may or may not derive

them to the producer and the producer has suffered, in my opinion, as much as a new processor of 1933, because he has to take it regardless of what his output was. He had no four-year average or any other average. He had to take identical what the processor took under the present plan.

Now, if my plan should be adopted, if the producer should so signify, it could be sent to his processor, and I will venture to say that 90 percent of the producers will have to get their processors to pay for these tags before they can be mailed out. We must have some restraint on a processor who might not want to act in an honest manner toward a producer; so I wish to suggest that the processor sign these tags as well as the producer. I think that would cure that trouble. I think it would eliminate it. I think it would be much better and infinitely better than mailing them out strictly to the producers.

For instance, in my own county, the largest operator I believe is J. O. Bunch. Most of his operations consist of gum buying. His individual operation is small. It so happens he is in a section of the country where many of the men are farmers and have small patches of timber where they are situated. He expressed himself a few days ago as being at a disadvantage with the control committee on account of the specific addresses of the different producers from whom he had bought gum. You gentlemen readily realize that our operation is not within the city limits. We do not have streets. We do not have post office boxes. We have mostly rural routes and some of the boys may get mail once a month and very often not that often, and if they do, half of them cannot read. The reason I state all of this is to try,

as far as I can, to clear up any situation that, to me, might seem unfair to anybody concerned. I think that would be to the best interest of the small producer to whom my heart goes out, because back in 1933 the new producer was hit harder than anybody else.

PRESIDING OFFICER COOK. There is a question comes up along that line. You feel possibly in a great many of these instances these producers might not even produce sufficient gum to use one tag?

MR. BOYKIN. No, sir, I do not think so. The GE-tags call for one barrel. They are for one gross barrel, which is a package of around 50 gallons gross. They will get that barrel full, you need not worry about that consideration, even if they have to borrow from their neighbor. As a rule one man will work a certain amount of cups. He will figure that he can do three days plowing, he can chip one day, then he will take two days dipping and collect once every month what he has made from one day's chipping, which would be about three gross barrels, if he has good timber. If the timber is good and his woods are what we call fair, he could dip three barrels, very often assisted by some other members of the family. You will seldom ever find a producer of gum turpentine in the same boat with a cotton man, who receives possibly an allotment of 127 pounds.

PRESIDING OFFICER COOK. Anything further?

MR. BOYKIN. Anyway, I can assure you of this; I do not believe any tag will ever be issued to a producer and that tag is applied or carried in to the processor but what that barrel will contain every possible pound of gum turpentine it is possible to put into it. You need have no worry on that score. I think that the processor certainly should have an individual license and the secretary, of course, under this proposed agreement would have the right to revoke that license when

as far as I can, to clear up any situation that, to me, might seem unfair to anybody concerned. I think that would be to the best interest of the small producer to have my board come out, because that is 100% the new producer and not larger than anybody else.

DEPUTIES [illegible] COOK. There is a question comes up along that line. The fact possibly is a great many of these farmers in these producers might not even produce enough grain to use one barrel.

MR. NOTKIN. No, sir, I do not think so. The 60-barrel call for one barrel. They are for one grain barrel, which is a percentage of around 60 gallons grain. They will get that barrel full, you need not worry about that consideration, even if they have to borrow from their neighbors. As a rule one man will work a certain amount of days. He will figure that he can do three days plowing, he can skip one day, then he will take two days disking and cultivating every month that he has made from one day's skipping, which would be about three grain barrels, if he has good timber. If the timber is good and his woods are what we call fair, he could dig three barrels, very often assisted by some other members of the family. You will seldom ever find a producer of gum turpentine in the same boat with a cotton man, who receives possibly an allotment of 100 pounds.

DEPUTIES [illegible] COOK. Anything further?

MR. NOTKIN. Anyway, I can assure you of that. I do not believe any tag will ever be issued to a producer and that tag is applied or carried in the processing and what that barrel will contain every possible pound of gum turpentine it is possible to put into it. You have to carry on that same. Make that the [illegible] [illegible] in [illegible] and the machinery, of course, under the [illegible] [illegible] [illegible]

and if he found that that processor was violating that license. That is in order to insure fair dealing all the way through, not that I charge it, or that I mean to insinuate that any man in the industry would do anything unfair, but if the man who buys the crude gum, should he so desire to act unfairly, if he felt that he might lose that license I do not think he would do that, and I really believe both of their signatures should be on that CM-tag before it is surrendered to the control committee.

PRESIDING OFFICER COOK. Anything further from any one else along this line? We have quite a good bit in there.

MR. BOOTH. Mr. Chairman, I would like to endorse the proposed change to send the tags direct to the producers. Mr. Keene has spoken of rumors of unfair dealing and Mr. Boykin also made reference to that. I might state that were it not for the fact I was in the presence of an enforcement officer or sheriff, I might say that I happen to know of some instances along similar lines. Anyway, I am quite sure it will be an innovation that will be worth while and will work out for the improvement of the general conditions of the processors and producers and one which will be helpful to the industry.

In our section there are anywhere from ten to a dozen processors to every turpentine still. We are talking about processors now. In Addition to the processors there are gum sellers and those gum sellers frequently sell the small processors, perhaps making one charge a month, which would amount to perhaps two barrels of turpentine a month. In some instances we have found that the processors failed to report and

the gum sellers with all the assistance we have been able to get or that these producers have been able to get from the control committee, they have not been able to get an allotment for all of that turpentine. So I believe that this suggested change here would eliminate perhaps nine-tenths of the troubles that have developed under the present system or the system in vogue for 1934. Therefore, I endorse this change heartily.

MR. BOYKIN. If I might be permitted to amend my remarks, there is one thing I failed to state that I certainly wanted to state, but before I make that statement I will preface my remarks by saying that I believe, for the sake of the record I forgot to state yesterday and also today that I, like most folks over in Mississippi, was against the agreement. They are against things in general, it does not make any difference what it is.

Now, my position, as stated a while ago, about the processor signing the tag together with the producer, was for this purpose. I did not state the purpose in there as fully as I should have. It is now possible under the control agreement for me or any other man to secure a GE-tag in Georgia or Florida, take it over into Mississippi, process turpentine and resin with that GE-tag, and it would be perfectly legitimate for a man coming up to my still platform with a tag that had been issued in Georgia or Florida, and sell me that barrel of turpentine.

That obviates the purposes of the agreement. As I stated a moment ago, I was against the agreement. I signed it when I thought it was the last moment of the last day because, as some one said, I believe it was Mr. Reese, I thought that the sooner

the gun sellers with all the assistance we have been able to get or that these producers have been able to get from the control commission, they have not been able to get an allotment for all of that transportation. So I believe that this suggested change here would eliminate perhaps nine-tenths of the trouble that have developed under the present system or the system in vogue for 1944. Therefore, I endorse this change heartily.

Mr. HOTCH. If I might be permitted to amend my remarks, there is one thing I failed to state that I certainly wanted to state, but before I make that statement I will preface my remarks by saying that I believe, for the sake of the record I forgot to state yesterday and also today that I,like most folks over in Mississippi,am against the agreement. They are against a lease in general; it does not make any difference what it is.

Now, my position, as stated a while ago, about the processor signing the tag together with the producer, was for this purpose. I did not state the purpose in there as fully as I should have. It is now possible under the control agreement for me or any other man to secure a GM-tag in Georgia or Florida, take it over into Mississippi, process transportation and remain with that GM-tag, and it would be perfectly legitimate for a man coming up to my still plantation with a tag that had been issued in Georgia or Florida, and sell me that barrel of turpentine.

That obviates the purpose of the agreement. As I stated a moment ago, I am against the agreement. I signed it when I thought it was the last moment of the last day because, as some one said, I believe it was Mr. Moore, I thought that the account

we went on into the gas chamber and had that operation the better off we would be and, if you will pardon just a small personal reference, back in 1933 I had an experience in the turpentine industry. I did not fear taking my chances on the basis of the survival of the fittest, not that I had any peculiar qualifications or undue qualifications, but, rather, that somebody had been peculiarly good to me and because I had been able all along the line to make my business pay, with the exception of two years ending in 1923. To reiterate, I want to be fair. Whatever I subscribed to I wanted to have every earmark of fairness. If it does not and if I subscribe to it it is because I am not acquainted with the true situation. In telling you gentlemen about the practice in connection with the GE-tag, I am telling you something--, I do not know it to be an absolute fact, but I believe it to be a fact, that can be practiced, and that is this: One G-E tag may be moved from one station to another or from one processor to another or from one producer to another and that I do not think should be allowed to continue in any regulation which we have for the control of the industry. Whether or not we adopt the proposed amendment, or whether we have the other, I do not think it should be allowed to continue, and I believe that might put an end to the situation.

MR. REESE. May I ask Mr. Boykin one question off the record?

PRESIDING OFFICER COOK. You may ask him whatever you want, but let us get started along.

MR. REESE. I wanted to know whether he is buying an electric refrigerator on the installment plan. He is talking about G-E tags. What are G-E tags?

we went on into the gas chamber and had that operation. We
better off we would be and, if you will pardon just a small
personal reference, that is why I had an experience in the
burgeoning industry. I did not fear taking my chance on
the basis of the survival of the fittest, not that I had any
peculiar qualifications or undue qualifications, but, rather,
that somebody had been sufficiently good to me and because I had
been able all along the line to make my business pay, with the
exception of two years ending in 1929. To substantiate, I need to
be fair. Whatever I achieved to I wanted to have every earmark
of fair play. If it was not and if I succumbs to it it is because
I am not equipped with the true situation. In telling you
gentlemen about the practice in connection with the G-Tag, I am
telling you something-- I do not view it to be an absolute fact,
but I believe it to be a fact, that can be practiced, and that is
this, the G-2 tag may be moved from one station to another or
from one producer to another or from one producer to another and
that I do not think should be allowed to confuse me in any regulation
which we have for the control of the industry. Whether or not we
adopt the proposed amendment, or whether we have the other, I do
not think it should be allowed to continue, and I believe that might
put an end to the difficulty.

Mr. [illegible]. May I ask Mr. Dorris one question of the reporter?

PRESIDING OFFICER DOE. You may ask him whatever you want.

Mr. [illegible]. I wanted to know whether in his varying on electric
[illegible] in the indifferent plan. He is talking about G-2 tags.
What are G-2 tags?

MR. BOYKIN. Mr. Reese, I would say this. I am completely surprised at the question. Of course, G-E means General Electric, and you get those bills regularly, I believe on the fifth of the month.

PRESIDING OFFICER COOK. You may proceed, Mr. Speh.

MR. SPEH. Paragraph 3.

"Each processor shall be permitted to exchange without charge 1933 stock on hand tags and/or 1934 turpentine and rosin allotment tags issued to him, for 1935 stock on hand tags of equivalent denominations, Provided, That the number of tags so exchanged shall not be in excess of the amount of turpentine and/or rosin which such processor has on hand at his still at midnight, December 31, 1934. On and after January 1, 1935, all tags issued during 1934 shall be null and void."

The committee suggests the following changes in that paragraph. First, that the paragraph be divided into two subdivisions, starting with "each processor", then dropping down to the next to the last line, and calling that subdivision (b), starting "On and after". They are two very distinct and separate propositions and they might be set apart.

In the second line of that paragraph, strike out "1933" and substitute "April 2, 1934", making it read: "without charge April 2, 1934 stock on hand tags". That is the name under which we refer to those tags. It is a specific term.

That is all on that one.

PRESIDING OFFICER COOK. No. 4.

MR. SMER. Mr. Speh, have you given any thought to changing the language to make it applicable to other years after 1934, or is

Mr. SMITH. Mr. Dean, I would say this. I am completely surprised at the question. Of course, G-E means General Electric, and you get them bills regularly, I believe on the first of the month.

PRESIDING OFFICER DOAN. You may proceed, Mr. Dean.

Mr. DEAN. Paragraph 4.

"Such processor shall be permitted to continue without change 1958 stock on hand tags and/or 1958 temporarily and roain allotment tags issued to him, for 1958 stock on hand tags of equivalent economic status, Provided, That the number of tags so exchanged shall not be in excess of the amount of tungsten and/or rosin which such processor has on hand at his still at midnight, December 31, 1958. On and after January 1, 1959, all tags issued during 1958 shall be null and void."

The committee suggests the following changes in that paragraph. First, that the paragraph be divided into two subdivisions, starting with "such processor", then dropping down to the next to the last line, and calling that subdivision (b), starting "On and after". They are two very distinct and separate propositions and they might be set apart.

In the second line of that paragraph, strike out "1958" and substitute "April 8, 1958", making it read: "without change April 8, 1958 stock on hand tags". That is the same under which we refer to those tags. It is a quality ---

That is all of that one.

PRESIDING OFFICER DOAN. No. 4.

Mr. ADAM. Mr. Chairman, have you given any thought to changing the language to make it applicable to other years after 1958, or is

it the idea of the committee that this should only apply to the one year?

MR. SPEM. The committee suggested to Washington that they be permitted to use the 1934 allotment tags during the month of January. Washington felt that that was incorrect and so notified us that the date line should be December 31. The committee has no definite thought on that. I daresay they are perfectly willing to have it read December 31 of each year, but they have merely put that in there feeling that possibly Washington, as a result of its better acquaintance with the industry, realized there was a practical side to this and maybe next year would decide to make it January 31. It would be entirely satisfactory to the committee, I am sure, to have that read December 31 of each year.

"4. The Control Committee shall issue such tags (a) in the following percentages during each month of the year 1934; April, 9 percent; May, 11 percent; June, 16 percent; July, 16 percent; August, 12 percent; September, 11 percent; October, 10 percent; November, 8 percent; December, 7 percent; and (b) in the following during percentages during each month of each succeeding year following 1934: January, 2 percent; February, 2 percent; March, 2 percent; April, 8 percent; May, 11 percent; June, 16 percent; July, 16 percent; August, 11 percent; September, 10 percent; October, 9 percent; November, 7 percent; December, 6 percent. The Control Committee with the prior approval of the Secretary, may from time to time readjust any of the above percentages."

PRESIDING OFFICER COOK. Any comments?

MR. SPEM. No comments.

PRESIDING OFFICER COOK. Proceed.

MR. SPEH. Paragraph 5:

"With respect to each tag issued by the Control Committee (except in exchange for equivalent tags pursuant to section 13,) the processor first receiving the same shall pay to the Control Committee the following amounts: (a) Fifteen cents (15¢) for each tag to be attached to a package of gum turpentine of approximately fifty (50) gallons; (b) Five cents (5¢) for each tag to be attached to a package of gum rosin or approximately five hundred (500) pounds; (c) Six cents (6¢) for each tag to be attached to a package of gum rosin of approximately six hundred (600) pounds; (d) fifteen cents (15¢) for each fifty (50) gallons or major fraction thereof of a tank car or other receptacle of gum turpentine except the package referred to in (a) of this section for a tag or tags to be attached thereto; (e) One cent (1¢) for each one hundred (100) pounds or major fraction thereof of a tank car or other receptacle of rosin other than the packages referred to in (b) and (c) of this section, for a tag or tags to be attached thereto; (f) six cents (6¢) for each tag attached to a barrel of crude gum of approximately fifty (50) gallons; and (g) six and one-half cents (6 1/2¢) for each fifty (50) gallons or major fraction thereof of any package of cleaned gum for a tag or tags to be attached thereto. The above amounts shall be subject to the disapproval of the Secretary, and may be uniformly adjusted by him at any time. All sums received pursuant to this paragraph shall be used by the Control Committee for the purposes, and subject to the limitations, set forth in article IV of this Agreement."

In that connection, gentlemen, the only comment we have is next to the last line on page 10, of that paragraph, where it reads "attached

to a barrel"; we suggest striking "attached to" and substituting "accompanying", making it read, "for each tag accompanying a barrel of crude gum", the purpose being that the crude gum tags must be surrendered in exchange for the gum exchange tag and if the tag is attached to the barrel of gum, if it is possible to remove it at all, it comes to us in such an awful mess we cannot handle them and count them.

PRESIDING OFFICER COOK. Any further comments?

MR. SPEH. No, sir.

PRESIDING OFFICER COOK. No. 12.

MR. SPEH. "Section 12. All of the crude gum tags issued to each applicant (other than producers) pursuant to section 11, shall be delivered by him (or, in the event the Control Committee so determines, by such Committee) to the persons from whom he purchased crude gum during the preceding year, ratably in proportion to the amount of crude gum purchased from each such person during such preceding year."

We have no comment on that.

PRESIDING OFFICER COOK. Proceed.

MR. SPEH. "Section 13. The Control Committee shall at any time, upon demand, without charge, exchange tags of any class for which payment has been made pursuant to section 11, for tags of any other class representing an equivalent number of units."

No comment.

PRESIDING OFFICER COOK. Proceed.

MR. SPEH. "Section 14. On and after the effective date of the Agreement, no processor shall either (1) ship and/or market any package of cleaned gum, gum turpentine and/or gum rosin, or (2) process the

contents of any package of crude gum except into cleaned gum, gum rosin or gum turpentine for marketing or shipment as such, unless an appropriate tag or tags issued pursuant to the provisions of this article be firmly attached to such package of total denominations equivalent to its contents."

In that section, line 4, we suggest the elimination of the word "except". As it stands, it is rather doubtful as to its meaning.

"Section 15. Any person dissatisfied with the quota allotted, or the number of tags issued, to him pursuant to this article, shall deliver a written statement to the Control Committee not later than five (5) days after receipt of notice of such quota or number of tags setting out the basis of his objection and requesting an opportunity to be heard. The Control Committee shall promptly grant a hearing to such person and may make such adjustment of the quota as is warranted under the circumstances. If, after a hearing before the Control Committee, an appeal in writing may be taken to the Secretary from such decision by such processor, within ten (10) days after notice thereof is received by the processor. Pending the disposition by the Secretary of the appeal the processor involved shall abide by the decision rendered by the Control Committee unless the Secretary shall rule otherwise pending such disposition. In the event of an appeal, it shall be the duty of the Control Committee to forward to the Secretary a complete record with regard to the matter. If the Control Committee shall fail to grant any processor a hearing pursuant to this section within fifteen (15) days after receiving a request therefor or shall fail to render a decision within fifteen (15) days after such hearing is concluded, the processor involved may file his objection

[illegible] of any package of crude gas except into licensed gas, gas room or gas burning [illegible] for manufacturing or [illegible] as [illegible] unless an [illegible] tag or tags issued pursuant to the provisions of this article be firmly affixed to such package of total [illegible] volume equivalent to its contents."

In that section, line 4, we suggest the elimination of the word "except". As it stands, it is rather doubtful as to its meaning.

"Section 16. Any person dissatisfied with the quota allotted, or the number of tags issued, to him pursuant to this article, shall deliver a written statement to the Control Committee not later than five (5) days after receipt of notice of such quota or number of tags setting forth the basis of his objection and requesting an opportunity to be heard. The Control Committee shall promptly grant a hearing to such person and may make such adjustment of the quota as is warranted under the circumstances. If, after a hearing before the Control Committee, an appeal in writing may be taken to the Secretary from such decision by such processor, within ten (10) days after notice thereof is received by the processor. Pending the disposition by the Secretary of the appeal the processor involved shall abide by the decision rendered by the Control Committee unless the Secretary shall rule otherwise pending such disposition. In the event of an appeal, it shall be the duty of the Control Committee to forward to the Secretary a complete record of the matter. If the Control Committee shall fail to grant any processor a hearing pursuant to this section within five (5) days after receiving a request therefor or shall fail to render a decision within fifteen (15) days after such hearing is granted, the processor involved may file an appeal

with the Secretary. The decision of the Secretary in connection with any such appeal or objection shall be final and conclusive."

The only comment that we have on that section is line 5 from the bottom, the fifteen days, where it now reads "this section within fifteen (15) days after receiving a request"; we suggest striking the word "fifteen" and substituting the word "thirty". In explanation thereof we state this: It is possible there may be one or two complaints coming in from a processor and possibly the Control Committee has just adjourned. It would seem a useless expense to call the entire Control Committee back just simply to hear those one or two complaints within fifteen days thereafter. We suggest that it be made thirty days, in order that we might hear the complaints within thirty days, which would be very apt to be the next Control Committee meeting. That is the only purpose in making that change.

PRESIDING OFFICER COOK. Any comments?

MR. BENEDICT. Is that thirty days?

PRESIDING OFFICER COOK. After he filed his complaint.

MR. BENEDICT. I was thinking that complaint as to the quota should not have to be delayed that long. The Control Committee ought to sit steadily for about thirty days after the allotments are made, I should think.

MR. SPEL. Mr. Chairman, this is the point: The complaints coming in now are going to be of sufficient volume that would justify a Control Committee reconvening and sitting practically continuously. That is not only on quota but on other matters, -- tags and things like that. The Committee might adjourn after tonight or tomorrow. There may be a complaint come in then from one or two people. It

would not be fair to call all of these nine people away from their business within fifteen days when fifteen days later they are going to meet anyway. I am sure every processor would be satisfied to wait the additional fifteen days before the Control Committee can meet. It is entirely possible that with the privilege granted to the Control Committee to set up certain subcommittees they might decide among themselves to take care of such especial isolated cases that a subcommittee will be appointed and they will convene between the regular meetings. I do not know what the wishes will be on that score, but that would be a means of removing that difficulty.

MR. REESE. May I have just a minute?

PRESIDING OFFICER COOK. Yes.

MR. REESE. In order to make the substitute basis of allotment entirely clear, I desire to state that the substitute basis attached, commencing on page 35 of the mimeographed copy which we all have before us, is intended to take the place of article V down to and including section 9.

As a matter of fact, I think commencing with section 10 properly should be in there. I did not have it before me, of course, when the substitute was prepared.

PRESIDING OFFICER COOK. Of course, the statements made on any phase of article V of the proposed agreement likewise refer to the corresponding sections of the license.

MR. SPEH. Yes.

PRESIDING OFFICER COOK. We have not read the corresponding section.

MR. SPEH. It is the same as the other articles.

MR. REESE. Mr. Chairman, I have been requested to make a statement in reply to Mr. Booth's point about the allotment that has been

carried on timber under lease, and which expires, going to the land owner instead of to the processor, just for the sake of the record. It will be very brief, and I would prefer to do it, if Mr. Roess will pardon me at this time.

The question that Mr. Booth raised is a very important one and a very far-reaching one. I think all of us are agreed that if we regard the marketing agreement or a marketing agreement as anything like a permanent arrangement, it would be necessary to consider a different basis of making allotments, but, as Mr. Sher suggested while Mr. Booth was on his feet, this present agreement is with processors.

It seems to me that any marketing agreement under the existing law will have to be with processors. I do not see how you can reach land owners under the designation "processors" when they are not in fact land owners.

In addition to that, if we understood that you make an allotment on the basis of land ownership, I imagine it would be something like the Federal Valuation of railroads, which was begun in 1913 and finally abandoned after the New Deal came into effect, for all practical purposes. It is a Herculean task.

I have great sympathy with the land owner. I occupy that position myself.

It seems to me that the problem is one that is so deep and far-reaching that if we are to regard this arrangement as an emergency measure, the land owner will simply have to suffer along with the rest of us and take his chances.

Otherwise, there is no way that anything worthwhile can be accomplished.

MR. BOOTH. Mr. Chairman, if I may have the indulgence of Mr. Roess for just a moment. I do not care for the last word, but I would just like to say this: I realize the application of the statement made by my friend Mr. Reese and I realize we were entering into a large proposition involving a great deal more, perhaps, than we can accomplish at this time.

If I may be permitted, I desire to offer an amendment here to section 3 of article V that possibly will be a little more modest and will come within the scope of the operation of this market agreement, affording some possible relief to the land owner - operator, if I may so describe him. I move to amend section 3, article V, by adding after the word "processors" in the last line the following: "Timber owner processors who have fixed charges, such as taxes, interest charges, fire protection, and so forth, at the proportion to the percentage of their acreage under operation shall be considered distress cases."

MR. WARD: Is that section 3?

MR. SHER: Yes.

MR. WARD: Did you refer to the wrong section?

MR. SPEH: Page 9.

MR. BOOTH: I am coming in here, gentlemen, on page 6.

PRESIDING OFFICER COOK. Where was the last one?

MR. BOOTH. Article V.

MR. WARD. You had the wrong reference in the last one you made.

MR. SHER. No. He had the right one.

MR. BOOTH. Well, not to exceed five percent. I will read now from about the fifth line from the bottom, section 3, article V:

Mr. MOORE. Mr. Chairman, if I may have the attention of Mr. Moore for just a moment. I do not come for the last word, but I would just like to say this: I realize the application of the statement made by my friend Mr. Moore and I realize we were entering into a large proposition involving a great deal more, perhaps, than we can accomplish at this time.

If I may be permitted, I desire to offer an amendment here to section 5 of article V that possibly will be a little more modest and will come within the scope of the operation of this merit system, affording some possible relief to the land owner - operator, if I may so describe him. I move to amend section 5, article V, by adding after the word "[illegible]" in the last line the following: "Under owner processors who have fixed charges, such as taxes, interest charges, fire protection, and so forth, at the proportion to the percentage of their average under operation shall be considered in their case."

Mr. MAHON: In what section?

Mr. GRAHAM: Two.

Mr. MAHON: Did you refer to the wrong section?

Mr. [illegible]: Page 5.

Mr. [illegible]: I am asking is [illegible] section 5 [illegible]

Mr. [illegible]: [illegible]

Mr. MOORE: Article 5.

Mr. [illegible]: You had the [illegible] to the last one [illegible].

Mr. [illegible]: [illegible]

Mr. [illegible]: [illegible] [illegible] [illegible]

Line [illegible] in fifth line from the bottom, section 5, article V:

"not to exceed five percent (5%) for allocation to processors whose quota, by reason of existing leases, financial obligations, or like cause, is less than the amount which the Control Committee finds to be an equitable quota applicable to such processors."

I follow on there with the reading because if we are to be considered --

MR. REESE. Would you mind reading that again?

MR. BOOTH. The proposition is, I move to amend section 3 of Article V by adding after the word "processors" in the last line, "timber owner processors who have fixed charges, such as taxes, interest charges, fire protection, and so forth, at the proportion to the percentage of their acreage under operation shall be considered distress cases."

PRESIDING OFFICER COOK. Anything further on that?

MR. BOOTH. I would say I see no good reason why the timber owner or processor with an acreage for illustration I will say of 10,000 acres on which he has got to raise the fixed charges, including taxes and interest, protection from fire, and so forth, should not be somewhat in the same dilemma or the same category, I should say, as the man who has a lease requiring him to work a given number of crops lest he lose his lease. The timber owner must work some of his timber lest he lose it to the sheriff at the court house for taxes, to the bank, or to the trust company.

MR. BOYKIN. Would you mind saying "the tax collector" instead of "the sheriff"?

TESTIMONY OF M. J. ROESS

1524 BARNETT NATIONAL BANK BUILDING

JACKSONVILLE, FLORIDA.

REPRESENTING COLUMBIA FORESTS AND FARMS, INC.

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER COOK. What is your name, and whom do you represent?

MR. ROESS. M. J. Roess. I represent the Columbia Forests and Farms, Inc., Jacksonville, Florida.

Gentlemen; I am not in the turpentine business in any way at all and I never have been. I do not know that I have any right to be here, but I come here at the sufferance of Mr. Ward and some members of the committee.

I want to stress a situation that has already been touched on by Mr. Booth and others in regard to the predicament of the land owner. I realize that this is a processors' agreement and the control committee which you have set up is doing a good job for the processor. Being a processors' agreement, I have no demands to make. I have no right to make any demands.

All I am going to do is to plead or beg your indulgence. I am going to use ourselves as an example.

We have 55,000 acres of land in Columbia County, Florida, adjoining the National Park, which we have had under fire protection for six years. During that time we have paid the taxes on it and we have paid out in forest fees and fire protection under the State Forester and the Federal Forest Service during the past six years nearly one dollar an acre. During that time we have had no income from the property. We have not permitted a live tree to be cut.

Going down into this little tin can we have been keeping our money in every year for these taxes until we have paid out nearly $50,000, we are beginning to see the bottom of the can, and we realize we have either got to lease our property or operate it or get some

(The witness was duly sworn by the Presiding Officer.)

PRESIDING OFFICER ROSE. What is your name, and whom do you represent?

MR. HOWARD. H. J. Howard. I represent the Columbia Forests and Farms, Inc., Jacksonville, Florida.

Gentlemen, I am not in the turpentine business in any way at all and I never have been. I do not know that I have any right to be here, but I came here at the suggestion of Mr. Ward and some members of the committee.

I want to discuss a situation that has already been touched on by Mr. Booth and others in regard to the predicament of the land owner. I realize that this is a processors' agreement and the control committee which you have set up is doing a good job for the processor. Being a processors' agreement, I have no demands to make. I have no right to make any demands.

All I am going to do is to plead or beg your indulgence. I am going to use ourselves as an example.

We have 85,000 acres of land in Columbia County, Florida, adjoining the National Forest, which we have had under fire protection for six years. During that time we have paid the taxes on it and we have paid out in [illegible] fees and fire protection under the State Forester and the Federal Forest Service during the past six years nearly [illegible] an acre. During that time we have not had [illegible] from the property. We have not realized a dime from it as yet.

Going into this little set-up we have been putting our money in every year for these taxes until we have gotten into nearly $60,000, we are beginning to [illegible] the [illegible] of the [illegible], and we realize we have either got to [illegible] our property or [illegible] it or get some

income from it in some way. With that in view we made an application for a thousand units before the Control Committee. We waited until November 15th and we were not awarded any allotment. I am not saying this in criticism of the committee at all, but under your present set-up you are not supposed to get any allotment before November first.

We have no buildings on this tract of land. If we wanted to start up a ten-crop place or a fifteen-crop place or a twenty-crop place, we have to start in from the ground up and build our quarters. What we want is to put a little ground mill there, and saw out enough lumber to build our quarters. Then we have to hire a foreman and woods riders, and recruit some labor to build our still, order our cups and cutters. I submit to any of you that the first of November is too late to do that and do it as efficiently and as cheap as it ought to be done. It is a physical impossibility to do it and do it cheaply, although it could be done, but at a prohibitive cost.

The reason we withdrew on November 16th was that we figured it was impossible for us to do all that, namely, build our quarters, together with a complete plant, and get under way.

Now, I want to say that we have an efficient committee, because they have taken a thousand units off of your production. There is not any question about that, and I do not blame them a bit, because this is a processing agreement. You might just as well, almost, put a provision in there that you will not give any new allotment to any land-owning processor because in fact as long as you wait until November 1 to make an allotment, why, we cannot come in. I think Mr. Pace of Pensacola referred to the fact that he started in the middle of the summer, July, getting ready for the next winter's operation,

and that is what it is going to take. So I have made the suggestion to the committee, and I do not offer this as an amendment because I do not know where it ought to go.

PRESIDING OFFICER COOK. Is that the letter which you wrote?

MR. ROESS. Yes.

PRESIDING OFFICER COOK. That is already in the record.

MR. ROESS. This letter is already in the record, I understand, but the principle of it is, I think, that some way ought to be worked out where a small fixed portion of your annual crop should be set aside on, say, June 1. In other words, in 1935, we cannot do anything now.

MR. BOYKIN. Pardon me, Mr. Chairman. He said, "set aside a certain portion on June 1." Does he mean for the current year or the next year?

MR. ROESS. I was just coming to that. In other words, we are out for 1935. Now, what we are looking for is an allotment for 1936. We ask that some method be devised whereby the Control Committee can set aside a number of units for that purpose. I said in here 15,000 units. I do not know how many land owners there are. It may be 5,000 will be sufficient, maybe 2,000.

I am willing to leave that to the Control Committee, but, anyway, take a fixed amount. You do not know what your 1936 production is going to be, what you are going to hold your crop at, whether it is going to be 450,000 or 500,000 units or 400,000 units, but surely it would not upset things badly to set aside two or three thousand units or whatever is necessary, to set that up, say, on June 1, and let the land-owning man who wants to be a new producer apply for his allotment in June and giving him his allotment in July out of that allotment set aside.

I do not know whether that is possible or not, but if some arrangement of that kind is not made, I do not see how we are ever going to get into the turpentine business, and perhaps nobody wants us in. It has got to be in the middle of the summer. In other words, if we go into the turpentine business, we expect it to operate on a sustained-yield basis. If we build our quarters and our still, why, necessarily, we will have to build them so that they will last twenty or thirty years. It will cost a little bit more money and consequently we will have a considerable investment to make. We do not feel justified under present conditions and the rules and regulations now in effect in making such an investment in July and August and finding out possibly in November that we have only an allotment of four crops, which would not justify us in starting.

As I stated previously, this is a processors' agreement. I do not blame the processors for not wanting somebody coming in and producing some more gum or spirits, but I feel we are just in this position: We started in six years ago under the direction of the United States Forest Service and the Florida Forest Service. We have been following their advice. They have sent men down here to teach us, that is, you men from the Department of Agriculture, and I cannot conceive of the Department of Agriculture with one hand spending a whole lot of money, through the United States Forest Service, educating us, inducing us to go into the timber-growing business, and then, with the other hand, have the United States Department of Agriculture come along and set up conditions which make it practically impossible for us to ever go into the turpentine business as long as these conditions exist.

I do not know whether that is possible or not, but if some arrangement of that kind is not made, I do not see how we are ever going to get into the tobacco business, and perhaps nobody will-- us. It has got kyle in the middle of the summer. In other words, if we go into the tobacco business, we expect it to operate on a sustained-yield basis. If we build our quarters and our still, why, necessarily, we will have to build them so that they will last twenty or thirty years. It will cost a little bit more money and consequently we will have a good deal more investment to make. We do not feel justified under present conditions and the rules and regulations now in effect including such an investment in July and August and finding out possibly in November that we have only an allotment of four acres, which would not justify us in operating.

As I stated previously, this is a processors' approach. I do not blame the processors for not wanting somebody coming in and producing even more gum or quality, but I feel we are just in this position: We started in six years ago under the direction of the United States Forest Service and the Virginia Forest Service. We have been following their advice. They have been the best lawyer we have had, but we are now from the Department of Agriculture, and I another executive of the Department of Agriculture with one hand spending a whole lot of money, through the United States Forest Service, educating us, inducing us to go into the timber-growing business, and then, on the other hand, have the United States Department of Agriculture come along and set up conditions which make it practically impossible for us to ever go into the tobacco business on just an even condition.

As I say, I have no criticism to make of the marketing agreement. It is set up by the processors and for the processors, and they have done a very good job, and so has the Control Committee, but the land owner, like I am, is just out on a limb and somebody is about to saw it off.

Mr. Chairman, I thank you.

MR. SPEH. Just to be sure that the record is clear on that, the timber owner, of course, always has a market for his timber in the way of a demand for the leasing of timber by an operator.

As I take it, Mr. Roess' chief comment is that under the present system the filing of applications by a new processor, whether he be a timber owner or not, the date is too late and it should be earlier?

MR. ROESS. That is the chief objection. The objection to leasing our timber to a processor who leases is simply this: We have been taught by the United States Forest Service that every little seedling we had that high (indicating) is of value; every sapling that high (indicating) or that high (indicating) is of value.

It is impossible to lease timber to a leasing processor for a five-year lease and have him train his men to drive the trucks and wagons and turn out for these little saplings or seedlings. They are interested in trees nine inches and up. We feel that our loss is too great to lease.

That is the reason that we feel that we are forced to operate ourselves.

MR. BOYKIN. Mr. Chairman, may I presume on you for two of three minutes more?

PRESIDING OFFICER COOK. We will give you three minutes, Mr. Boykin.

As I say, I have no criticism to make of the marketing procedure. It is met up by the processors and for the processors, and they have had a very good job, and so has the Central Cooperative, but the field owner, like I am, is just out on a limb and everybody is about to saw it off.

Mr. Chairman, I thank you.

Mr. SMITH. Just to be sure that the record is clear on that, the timber owner, of course, always has a monopoly for his timber in the way of a demand for the limbing of timber by an operator.

As I have it, Mr. Hoag's other comment is that under the present system the filing of applications by a new processor, whether he is a timber owner or not, the date is too late and it should be sooner?

Mr. HOAG. That is the chief objection. The objection to leaving the timber by a processor the issues is simply this: We have been taught by the Federal Forest Fire Service that every little seedling we had was high (indicating) in of value; every sapling that high (indicating) or that high (indicating) is of value.

It is impossible to leave timber to a limbing [illegible] for a five-year lease and have the lands on which it lives [illegible] and burn out the young little seedlings or saplings. They are scorched in that hot lumber end up. We feel that our loss is too great to leave.

That is the reason that we feel that we are forced to operate ourselves.

Mr. HOFFMAN. Mr. Chairman, may I present my hat for the or three minutes more?

PRESIDING OFFICER [illegible]. We will give you three minutes, Mr. Smith.

MR. BOYKIN. To Mr. Roess I would say I fear that you are laboring under a misapprehension when you say that the processors now do not want any new processors, because certainly this is a fact, that a man who has timber or who has a lease or who has equipment is as much entitled to enter the business as those who have been in it for a number of years. But I want to warn you of this, sir: We are inviting you into a dice game in which the dice are heavily loaded. That is no reflection on the Control Committee.

You spoke of being a timber owner. I think you meant that you were a fee simple owner without encumbrances.

MR. ROESS. Yes.

MR. BOYKIN. I take it two percent or possibly one percent of the total crop to be marketed for any given year would be set aside for timber owners or timber lessors on which there was no plaster or mortgage--I would prefer to call it a plaster because to me it covers everything. I think that would take care of your situation and everyone else, and personally, were it not for me favoring one group as against another, I would say any man that owned his timber on which there was no plaster, and my very good friend Benedict wished to call it a mortgage -- I say, set aside one percent for him.

You gentlemen are in a class by yourselves. When the gentleman told you that small timber was of value, even of that size (indicating) or that size (indicating) they told you the truth. That did not mean immediate value, sir. It meant value in years to come. When you and your associates purchased this land down here, you purchased it not to begin work on it immediately, but you purchased it as a saving,

I take it. You have a saving there. If our country exists, and I believe I am safe in saying that it will continue to exist, your investment is safe. To you, sir, I would say that so far as I am concerned, personally, and the group which I represent, we will be glad to invite you into the industry, but at the same time I do wish you to recall the first statement that I made, namely, that the dice are heavily loaded.

MR. ROESS. I appreciate that, and I want to reply to the loaded dice game part of it. I admitted in the beginning that I did not know anything about the turpentine business, but yesterday I heard an operator who, I think, does, state that there were turpentine operators and "We work like the devil all year out in the woods," and he said, then, "At the end of the year all the factors get nice, bright, shiny cars, and the operator - all he gets is a statement showing the balance due." I do not know whether there is any truth in that story, but that is what I have heard.

MR. BOYKIN. Mr. Chairman, I wish to go on record as saying that I do not believe that statement is literally true. I think the gentleman said that more in a spirit of jest than in a spirit of reality. I know of no better friend than my factor. I am only stating to you the relation that exists between me as a processor, so called, and I used to be called an operator, and my factor. Now, I find that condition exists between practically every producer and every processor and the factors.

He may refer to that balance sheet, but possibly what he meant was that due to some conditions over which he had no control or possibly due to his own unworthiness he was not able to make the sheet balance.

I take it. You have a saving there. If our country relates, and I believe I am safe in saying that it will continue to exist, you improvement is here. To you, sir, I would say that as far as I am concerned, personally, and the group which I represent, we will be glad to invite you into the industry, but at the same time I do wish you to recall the first statement that I made, namely, that the dies are heavily loaded.

Mr. Noble. I appreciate that, and I want to apply to the loaded dies some part of it. I endeavored in the beginning that I did not know anything about the temperation business, but yesterday I heard an operator say, I think, does, state that there were temperatures and "to work like the devil all year out in the woods," and he said, then, "At the end of the year all the factors get rules, insight, study data, and the operator - all be gets is a statement showing the balance due." I do not know whether there is any truth in that story, but that is what I have heard.

Mr. Martin. Mr. Chairman, I wish to go on record as saying that I do not believe that statement is literally true. I think the operators said that there is a depth of just than in a giving of wages. I know of no bottom fished than my father. I am only stating to you the relation that exists between us as a processor, to salted, and I want to be called on somebody, and by factor. Now, I find that situation which is known generally - we produce the best - and the trouble.

In my mind, Mr. Chairman, but probably what he meant was that the [illegible] over which he had no control or probably due to his own [illegible] to see not able to make the about between

PRESIDING OFFICER COOK. Gentlemen, we will adjourn until 9:30 o'clock tomorrow morning.

(At 9:15 p. m. an adjournment was taken until 9:30 a. m. of the following day, Wednesday, November 28, 1934.)

BEFORE THE SECRETARY OF AGRICULTURE

THE AGRICULTURAL ADJUSTMENT ADMINISTRATION.

- :
IN RE:
HEARING WITH REFERENCE TO A PROPOSED
MARKETING AGREEMENT FOR GUM-TURPENTINE
AND GUM-ROSIN PROCESSORS.
- :

- :
The proposed marketing agreement for gum-turpentine and gum-rosin processors, the proposed amended license for gum-turpentine and gum-rosin processors, and the suggested Amendment to basis of allotment contained in proposed marketing agreement and proposed amended license for processors of gum-turpentine and gum-rosin, in their present form are proposed as the basis of a public hearing for the above-mentioned industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.
- :

THIRD DAY

Jacksonville, Florida

Gum Turpentine and Gum Rosin Processors

Mayflower Hotel

Jacksonville, Florida

Wednesday, November 28, 1934

The hearing in the above-entitled matter came on before the Secretary of Agriculture, Agricultural Adjustment Administration, at 9:30 A.M.

Present:

HARRY G. COOK, Presiding Officer.

JAY WARD, representing the Secretary of Agriculture.

ROBERT SHUR, Attorney, Legal Division, Agricultural Adjustment Administration.

E. W. BRAUN, Senior Agricultural Economist, Agricultural Adjustment Administration.

T. A. Sullivan, Assistant Hearing Clerk.

E. W. HADLEY, Forest Code Examiner, U. S. Forest Service.

EDWARD E. GALLEMUE, Consumer' Counsel, Agricultural Adjustment Administration, Department of Agriculture.

THOMAS I. AYCOCK, Jacksonville, Florida, representing Aycock Lindsey Corporation, Shamrock, Florida.

W. J. BARLOW, Douglas, Georgia, representing W. J. Barlow and Barlow Company.

R. E. Benedict, Brunswick, Florida, representing Brunswick Peninsula Company, Brunswick, Georgia.

S. H. BERG, P. O. Box 1287, Jacksonville, Florida, representing Peninsular Naval Stores Company, Jacksonville, Florida.

W. S. BOOTH, Manor, Georgia, representing the Manor Trading Company, W. S. Booth and B. H. Still, Manor, Georgia.

T. S. BOYKIN, State Line, Miss., representing Boykin & Son, State Line, Miss., T. J. Bailey, W. E. Lucas, W. J. Wilkins, State Line, Miss., W. A. Mozingo, Maynesboro, Miss., J. A. Scorbonough, Yellow Pine, Alabama, C. D. Scott & Co., Yellow Pine, Alabama, J. L. Jordan, Chatenu, Alabama, J. G. Mills, Chatenu, Alabama, G. W. Hurst, Chatenu, Alabama, F. E. Dumpers, Cortelyou, Alabama, W. M. Turner, Burbank, Alabama, Cleve Prine, Citronville, Alabama, and J. F. Tetter, Burbank, Alabama.

T. S. BOYKIN, State Line, Miss., Boykin & Son, et al., State Line, Miss.

A. L. Brogien, 1420 Barnett National Bank Building, Jacksonville, Florida, representing Adamson & Co., Inc., Day, Florida and Cropps Turpentine Company, Hines, Florida.

Thomas E. Brown, Jacksonville, Florida, representing Arcadia Lumber Corporation, Shannock, Florida.

H. L. Smith, Douglas, Georgia, representing . . . Barlow and Barlow Company.

H. E. Hartley, Brunswick, Florida, representing Strunsick Turpentine Company, Brunswick, Georgia.

. E. Smith, . . Box 1307, Jacksonville, Florida, representing Turpentine Naval Stores Company, Jacksonville, Florida.

W. . Moore, Ribon, Georgia, representing the Ribon Trading Company, W. . Smith and H. . Still, Ribon, Georgia.

T. S. Moulin, State Line, Miss., representing Boykin & Son, State Line, Miss., T. J. Bailey, . . Lucas, . . Mullins, Otto Line, Miss., . . Montague, Aspinwore, Miss., J. . Scarborough, Yellow Pine, Alabama, . . Scott & Co., Yellow Pine, Alabama, J. I. Jarman, Ohatchee, Alabama, J. O. Villa, Ohatchee, Alabama, . . Howard, Ohatchee, Alabama, . . Humphrey, Cartelyon, Alabama, . . Turner, Bunkum, Alabama, Clove Spring, Ottonville, Alabama, and J. M. Brown, Bunkum, Alabama.

T. S. Moulin, State Line, Miss., Boykin & Son, et al., State Line, Miss.

A. L. Brooks, MCO Barnett National Bank Building, Jacksonville, Florida, representing Adamson & Co., Inc., Bay, Florida and Groupe Turpentine Company, Hanna, Florida.

A. F. BULLARD, De Funiak Springs, Florida.

DAVID N. BARNUM, JR., Cleveland, Ohio, representing Nelio-Resin Corporation, Jacksonville, Florida.

J. M. CARTER, Rockingham, Georgia, representing Carter & Carter, Rockingham, Georgia.

AUSTIN CARY, Lake City, Florida, representing U. S. Forest Service.

C. C. CHAPPELL, P. O. Box 386, Cordele, Georgia, representing Onyx Turpentine Corporation, Ocoee Naval Stores Co., Naval Stores Operators, Inc., P. O. Box 386, Cordele, Georgia.

DeCARVER CLINE, 2505 Riverside Avenue, Jacksonville, Florida, representing Wood Process Company, Inc., Barnett Building, Jacksonville, Florida.

A. CORBETT, Willacoochie, Georgia, representing himself.

JULIAN E. HART, Florida Theatre Building, Jacksonville, Florida, representing Nelio-Resin Corporation, Jacksonville, Florida.

F. L. Fogarty, Box 389, Jacksonville, Florida, Nelio-Resin Corporation, Box 389, Jacksonville, Florida.

E. W. HOLMES, Forest Code Examiner, 1711 Pere Marquette Building, New Orleans, La., representing Forest Service, Department of Agriculture, Washington, D. C.

S. J. HALL, 1407 Barnett Building, Taylor Land Corporation Taylor Naval Stores Co., representing Forest Managers, The Southern Resin & Chemical Co., 1407 Barnett Building, Jacksonville, Florida.

JAMES M. HAMILTON, Bailey, Georgia, representing M. M. Currie, Alamo, Georgia.

A. M. [illegible], Ft. Pierce Springs, Florida.

[illegible] E. [illegible], [illegible], [illegible], representing Palm-Beach Corporation, [illegible], Jacksonville, Florida.

[illegible], representing Gordon & Gordon, [illegible], Florida.

[illegible], Lake City, Florida, representing [illegible] J. Jones Company, [illegible].

[illegible], representing Corporation, Coastal Plant Farms Co., Naval Stores Operations, Inc., [illegible] Box 2[illegible], Gainesville, Georgia.

[illegible], Ocala Electric Supply, Jacksonville, Florida, representing Naval Stores Company, Inc., Barnett Building, Jacksonville, Florida.

[illegible], Jacksonville, Fla., representing [illegible].

[illegible], Ocala Electric Supply, Jacksonville, Florida, representing Palm-Beach Corporation, Jacksonville, Florida.

[illegible], Box 2[illegible], Jacksonville, Florida, Palm-Beach Corporation, Box [illegible], Jacksonville, Florida.

[illegible], Forest Lake Examiner, 1771 Tony Marquette Building, New Orleans, La., representing Forest Service, Department of Agriculture, Washington, D. C.

[illegible], Jacksonville, Florida, representing [illegible] Naval Stores Co., Jacksonville, [illegible], Jacksonville, Florida, representing [illegible] Naval Stores Company, Inc., Barnett Building, Jacksonville, Florida.

James E. Hamilton, Bailey, Georgia, representing [illegible] Gordon, Glenn, Georgia.

D. L. Handley, Holsaw, Florida, representing Peavy Wilson Lumber Co., Inc., Holsaw, Florida.

W. G. HARDY, Overstreet, Florida, representing himself.

S. P. HUSBAND, Port St. Joe, Florida, representing Husband Turpentine Company.

C. C. HUXFORD, Mobile, Alabama, representing C. C. Huxford, Townsend, Georgia.

H. L. Hayton, Savannah, Georgia, representing Carson Naval Stores Co., Savannah, Georgia.

T. P. Kirkland, Douglas, Georgia, representing H. Kirkland Naval Stores Co., Douglas, Georgia.

H. Langdale, Valdosta, Georgia, representing various processors.

JULIAN LANGNER, 221 Investment Building, Washington, D. C., representing in Washington, Control Committee for Gum-Turpentine and Gum-Rosin Processors, Jacksonville, Florida.

J. E. Lockwood, 715 Liberty National Bank Building, Savannah, Georgia, representing himself as naval stores consultant.

W. E. McARTHUR, Jax, Alabama, representing himself.

O. F. McEachin, McRae, Georgia, representing W. F. and O. F. McEachin, McRae, Georgia.

O. T. McINTOSH, Savannah, Georgia, representing Southern States Naval Stores Co., Savannah, Georgia.

H. H. MILES, Baxley, Georgia, representing Miles Dum Turpentine Company, Baxley Turpentine Company, Pine Grove Stores Company, Baxley, Georgia, and Jesup Turpentine Company, Jesup, Georgia.

ISAAC MOODY, Baxley, Georgia, representing Isaac Moody & Company, processors, Baxley, Georgia.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

ROBERT M. NEWTON, Wiggins, Mississippi, representing Chairman Control Committee, Newton Naval Stores Co., Wiggins, Mississippi.

W. M. OSTERMAN, Fargo, Georgia, representing Superior Pine Products Company, Fargo, Georgia.

J. G. PAGE, Pensacola, Florida, representing Page Brothers, Pensacola, Florida.

V. G. PHILIPS, Wakulla, Florida, representing Philips Turpentine Company, Inc., Wakulla, Florida.

J. L. PRINCE, Pelham, Georgia, representing J. L. Prince & Son, Pelham, Georgia.

J. L. Prince, Pelham, Georgia, representing Moore Prince & Company, Pelham, Georgia.

WALTER RAY, Jacksonville, Florida, representing Clark-Ray-Johnson Company, Ocala.

WILLARD ROBERT, Brunswick, Georgia, representing the Downing Co., Inc., Brunswick, Georgia.

GEORGE T. RIVES, Brunswick, Georgia, representing Odium Turpentine Company.

George T. Rives, Brunswick, Georgia, representing White Springs Naval Stores Company, White Springs, Florida, Ludowici Place, J. H. Vickers, Manager, Ludowici, Georgia, Coastal Turpentine Company, Brunswick, Georgia, Box 257; Home Realty Company, Box 257, Brunswick, Georgia; Union Turpentine Company, Lake Park, Georgia; and the Downing Company, Inc., Brunswick, Georgia.

M. J. ROESS, 1624 Barnett National Bank, Jax, Florida, representing Columbia Forests & Farms, Inc.

A. T. RUSS, Nichols, Georgia, representing himself.

J. D. RUSS, JR., West Florida Naval Stores Co., Pensacola, Florida.

[illegible] M. [illegible], Atlanta, Manhattan, representing Chatham Coastal Counties, Naval Stores Co., Atlanta, Manhattan.

A. A. [illegible], [illegible], Georgia, representing Superior Pine Products Company, [illegible], Georgia.

[illegible] C. [illegible], Pensacola, Florida, representing [illegible] Southern, Pensacola, Florida.

V. O. [illegible], Mobile, Alabama, representing Mobile Turpentine Company, Inc., Mobile, Ala-ama.

A. L. [illegible], Valdosta, Georgia, representing J. L. Mathews & Son, Valdosta, Georgia.

J. L. Prince, Valdosta, Georgia, representing Lowe Brothers & Company, Valdosta, Georgia.

[illegible] Ray, Jacksonville, Florida, representing Clark-Hogg Gum Company, Ocala.

[illegible], Jacksonville, Florida, representing [illegible] Co., Inc., Jacksonville, Florida.

[illegible] T. [illegible], Brunswick, Georgia, representing Dixie Turpentine Company.

George T. Rivers, Brunswick, Georgia, representing Palm Springs Naval Stores Company, Palm Springs, Florida, Interior Plans, J. T. Stanley, Jesup, Georgia, Georgia, General Turpentine Company, Brunswick, Georgia, Box 827, Pine Realty Company, Box 287, Brunswick, Georgia; Dixie Turpentine Company, Lake Park, Georgia; and the Dowling Company, Inc., Brunswick, Georgia.

F. J. [illegible], Lake Darwin Naval Stores, Inc, Florida, representing Columbia Naval Stores & Farms, Inc.

A. V. [illegible], Mobile, Georgia, representing Hamlin.

J. D. [illegible], Jr., West Florida Naval Stores Co., Pensacola, Florida.

D. A. SAPP, P. O. Box 582, Savannah, Georgia, representing J. A. Floyd & Co., and R. B. Carnes, Savannah, Georgia.

T. J. SMITH, McRae, Georgia, representing himself.

CARL F. Speh, 1305 Barnett Building, Jax, Florida.

J. H. TIPPINS, Baxley, Georgia, or White Springs, Florida, representing Tippins & Anderson and all processors.

E. R. TURNER, Barwick, Georgia, representing Brooks County Naval Stores Company, Barwick, Georgia.

THOMAS L. WATERS, care of the Lurton Company, representing Osaka Naval Stores Company, Flomaton, Alabama.

L. H. WATERS, Box 1257, Jacksonville, Florida, representing Orange Creek Turpentine Corporation.

H. WEIBERT, Jacksonville, Florida, representing Peninsular Naval Stores Company.

H. H. WILSON, Jacksonville, Florida, representing Slash Pine Farms, Inc., Stockton, Georgia, Diamond Turpentine Corporation, Nahunta, Georgia, and Turpentine and Rosin Factors, Inc., Jacksonville, Florida.

PRESIDING OFFICER COOK. I have a letter here dated November 24, 1934, addressed to

Hon. Judge G. T. Gifford,

Presiding Officer,

Gum-Turpentine & Gum-Rosin Processors;

In Session,

Mayflower Hotel,

Jacksonville, Florida.

signed by Henry C. Morgan, of Homerville, Georgia, reading as follows:

"Dear Sir:-

"Due to my inability to appear in person, I am writing you on a subject which affects me as a timber owner and numerous others in a similar position.

" I am the owner of 150 acres of pine land. This timber has been under turpentine lease for the past four years, which lease expires this year.

" I have made application myself to work this timber next season but to date have failed to receive a tentative allotment. I am unofficially advised that the allotment, if made, will be on the basis of a new processor, on the theory that I did not operate it myself this year and the present operator would be entitled to the production allotment. If this is the method of allocation adopted by the Control Committee, I wish to go on record as vigorously protesting its general application.

" Countless small timber owners like myself, under such a construction would be placed solely at the mercy of a few operators, who as a rule have no titular interests in the lands or timber, but through the means of their past production records would control the operations of the timber.

[illegible] Editor Times: I have a letter here under December 11, 1924, addressed to

Gen. Tulio R. Ribera,

President Estrada,

San-Pedro-Sula, A Honduras Concession,

La Ceiba,

Puerto Cortez (via),

Jacksonville, Florida.

signed by Harry E. Lathrop, of Jacksonville, Florida, reading as follows:

"Dear Sir:-

"Due to my inability to appear in person, I am writing you on a subject which already on at a disadvantage before you because of unfavorable position.

"I am the owner of 100 acres of land [illegible]. This country has been under cultivation since the [illegible] years, which have proven this place.

"I have made inquiries which is now [illegible] but to date have failed to receive a [illegible]. I am [illegible] ability which [illegible] the situation, it seems, all we [illegible] the basis of a [illegible], in the [illegible] : all [illegible] [illegible] and the personal [illegible] [illegible] [illegible] [illegible]. If this is the method of [illegible] [illegible] by the [illegible] [illegible], I wish to go on record as [illegible] [illegible] the general [illegible].

"[illegible] small [illegible] [illegible] [illegible], [illegible] [illegible] attention would be [illegible] [illegible] [illegible] [illegible] [illegible], who as a rule [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] of their [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

This method not only places a burden on the owners of the timber but is also prejudicial to the programme of re-forestation and detrimental to the up-building of communities.

"I Maintain, and submit, as a policy to be adopted by the Control Committee for Gum-Turpentine & Gum-Rosin Processors, that the basis of production allocation should follow the timber and not the producer. Any other policy would work a confiscation of property rights and discourage rather than encourage private ownership of property."

Now, may we hear from someone in regard to that, if there is anything further, so that we may finish up that line of work on which we were engaged last evening.

MR. BENEDICT. Mr. Chairman, I represent the timber-owners' faction, not any concerted action, but I know what I am going to say will represent the position of a great many of the timber owners.

You have heard, I know, enough of the difficulties in this present agreement to know that the timber owners are going to have great trouble in continuing to make their investments pay. I heard the other day that you gentlemen were familiar with the citrus code. I do not know anything about it, but just to bring out the similarity in the position of the timber owner, I would appreciate it if one of you gentlemen would explain just how the citrus code works.

PRESIDING OFFICER COOK. The only thing is, none of us are familiar with it.

MR. BENEDICT. I mean the principle of allotment.

MR. WARD. It has a marketing agreement.

MR. BRAUN. I can explain the thing in general terms.

PRESIDING OFFICER COOK. If you wish.

MR. BRAUN. The Florida citrus agreement has in it restriction of volume of citrus fruit, first, on a grade basis, with the proviso or,

rather, the straight basis to be coupled with a volume basis, so that if any individual citrus producer finds that because of the grade restriction he has more than the average, the Control Committee has the authority to make an adjustment after two thirds of the shipping season of any variety is passed.

So that gives a man who has let us say fifty percent of his orchard running small sizes or low grade and small sizes a chance for adjustment during the last one third of the shipping season on any given variety.

As to allocation, it is the view as between the producers that they will have growers certificates. Those state certificates are issued on the basis of an orchard to orchard survey or, I should say, a grower to grower survey, which shows the age of the trees, the average yield ability, plus what they have marketed from those trees during past periods. That is, those growers' certificates are based on that, as I understand it.

The survey shows what those trees did produce in past years, what their age is, their normal yielding ability at thetime, and so forth.

Now, as to the general plan of allocation, that is based on past performance plus fruit under contract. That is, a man who has a lot of fruit under contract will have that weighed for a given period. Let us say the prorate period was a month. He will have the fruit under contract weighed along with his past performance in receiving his allotment.

Those, in general, are the main principles embodied in the citrus fruit marketing agreement. I do not know that it has been finally approved. Those are the principles involved.

MR. BENEDICT. The principle is that the growers will be treated equitably and that their allotment will be more or less proportioned to their producing capacity?

MR. BRAUN. Yes.

MR. BENEDICT. Could I ask what attitude the Government will take toward an individual orchard owner through failure to ship previously or who had a young orchard that just came into bearing, whether he would be excluded from this agreement and the ability to ship?

MR. BRAUN. I am sure you would not.

MR. BENEDICT. That is the point, gentlemen, I wish to bring out. The processors' agreement, evidently, in the citrus industry is made up of two points, the actual processors and shippers, and then the growers. The growers are treated, say, proportionately. Their allotment is proportioned to their ability to produce, and the market.

This processors' agreement of the naval stores operators is one in which the owner of an orchard, and I believe that a turpentine place is called an orchard, and a pine tree which, say, is nine inches in diameter has come into harvest, just as a citrus tree growing fruit, this present agreement denies the right to the people who have brought pine trees in to bearing to harvest their crop. I just put it up to you gentlemen if an agreement of that kind can continue. Personally, I am willing to continue another year on the best basis that the control committee and the meeting here and you people can work out, but I certainly would absolutely refuse to commit myself for more than a year.

Take the case of Mr. Booth, which is clear before us. I have one place, a separate place, just the same way. I do not think I can get an allotment for it. There are any number of men who are going to be ruined if the timber owner is not taken into consideration on a different basis

Mr. [illegible]. The probability is that the masses will be treated equitably and their treatment will be more or less proportioned to their [illegible].

Mr. [illegible]. Yes.

Mr. [illegible]. Could I ask what attitude the Government will take towards an industrial combined owner through failure to ship previously, or the last a young orchard that has come into bearing, whether he would be entitled from the Government and his ability to ship?

Mr. [illegible]. I am sure you would not.

Mr. [illegible]. That is the point, gentlemen. I want to bring out the [illegible] approach, logically, in the matter insofar as tying up of the packing, the actual processing and shipping, and then the growers. The growers are treated, and proportionately. Their allotment is proportionate to their ability to produce, and the market.

This processors' operations or the canal where operations by the in which the owner of an orchard, and I believe that a temporary place is called an orchard, and a place where which, say, in this instance in Ontario, has come into harvest, that is a situation where growing fruit, with [illegible] Government denied the right to the people who have brought this [illegible] to be ready to harvest their crop. I just put it up to you [illegible] of that kind can continue. Personally, I am willing to continue and bear over on the best people that the control committee and the marketing board and you people can work out, but I certainly really absolutely refuse to stand myself for more than a year.

This has come of it, Booth, which is clear before us. I have one place, a separate place, just the same say. I do not think I can get an allotment for it. There are any number of men who are going to be ruined if the fruit owner is not taken into consideration on a different basis

than under the present agreement. I want to say that I hope the naval stores industry can remain organized. I can see that in say eight or ten years time we are going to have a production capacity of possibly twice what we have today. In fifteen or twenty years time we can easily have a production capacity three of four times what we have today.

Under the marketing agreement so far the quota goes down. I do not know whether it will go down next year or not, and in the meantime we are bringing new fruit trees into bearing. They have to be harvested. At least, the intention in growing them is to harvest them.

It has been my contention that we are just taking hold of one end of a problem, that is, to control the production and to meet an emergency. The real big end of this problem is to increase the consumption of naval stores. Provision is made in the marketing agreement to control production, but no steps have been taken to increase consumption. I do not know why. Possibly the main reason is because the money is not available for an advertising campaign or for research, but unless we do something like that we might as well just quit. All of us might just as well quit.

Now, gentlemen, I wrote a letter, and I do not know whether you have that letter or not, Mr. Ward, but I would like to put that letter in the record. Would you like to read it? It is rather poor typing. It is my last carbon copy.

PRESIDING OFFICER COOK. This is dated October 25, 1934, and is addressed to

Chief, Section of Special Food Products,

Agricultural Adjustment Administration,

Washington, D. C.

and reads as follows:

then under the Brannan amendment. I want to say that [illegible] storage industry can remain organized. I can see that in ten eight or ten years time we are going to have a production capacity of probably twice what we have today. In fifteen or twenty years time we can easily have a production capacity three or four times what we have today.

Under the marketing agreement so far the quota goes down. I do not know whether it will go down next year or not, and in the meantime we are bringing new fruit trees into bearing. They have to be harvested. At least, the intention is growing them is to harvest them.

It has been my contention that we are just taking hold of one end of a problem. What is, to control the production and to meet an emergency, the real cry, and of this problem is to increase the consumption of natural stores. Provision is made in the marketing agreement to control production, but no steps have been taken to increase consumption. I do not know why. Possibly the main reason is because the money is not available for an advertising campaign or for research, but unless we do something like that we might as well quit. All of us might just as well quit.

Now, gentlemen, I wrote a letter, and I do not know whether you have that letter or not, Mr. Ward, but I would like to put that letter in the record. Would you like to read it? It is rather poor typing. It is my last carbon copy.

PRESIDING OFFICER. This is dated October 15, 1934, and is addressed to

Hon. Charles [illegible] Jr. [illegible],

Agricultural Adjustment Administration,

Washington, D. C.

and reads as follows:

"Dear Sir:

"The announcement by the Central Committee of the Gum-Turpentine - Gum-Rosin Marketing Agreement, of the basis of allotment for 1934 has just been resolved and I wish to make a most emphatic and violent protest against the adoption and enforcement of such a basis and to suggest an alternative plan for your consideration.

"My objections against the present basis of allotment are:

"1. Being a Processors agreement, it takes away from the timber owner the right to harvest a crop which he has been maturing for from 30 to 40 years. The basis of allotment should be timber ownership and not the act of processing. The allotment of three percent of the quota to new processors, and one percent to new producers and a five percent for an emergency pool is a recognition of the above assertion.

"2. The four year average is nothing but a formula to give preferential treatment to a certain class. It takes the right of harvest from one class and gives it to another class without compensation. An agreement based on such an inequitable method cannot possibly long endure.

"3. The partial allotments for new processors, new producers and for the 'emergency pool' can only result in increasing the production of a large number of processors to a point where successful operation is impossible. For example, this company's 1934 allotment was 38 percent less than its 1933 production. Under the basis of allotment announced by the Control Committee, the 1935 allotment will be ten percent less than the 1934 allotment. If this process is continued and the crop remains the same, it will be seen that the majority of turpentine operators will suffer a heavy reduction every year. (Yet the Federal Government in co-operation with the State Government is furnishing

timber owners money every year to increase their timber croppage. In other words, two different Governmental authorities, both in the same department, are pursuing absolutely contradictory policies with respect to the naval stores industry.)

" We, with many other timber owners, hope that the turpentine farmers can be kept united in a co-operative organization, but it is only too evident that with the present vicious system of allotment, the marketing agreement will very soon be broken. In a desire to hold the turpentine farmers together in the marketing agreement, we make the following suggestions:

" 1. For the year 1935, the control of production shall be achieved by:

" (a) No round tree less than ten inches in diameter breast high shall be cupped.

" (b) Every operator of fee or leased timber shall take down the cups on 25 percent of the trees which are less than nine inches DBH. (This will give four years to bring the minimum diameter to nine inches.)

" (c) Owners of 500 acres or more of turpentine timber shall work only such croppage as can be sustained indefinitely, except in such special cases where owners can prove a larger croppage is necessary to prevent loss of their land by foreclosure or tax sale. But owners who receive such exceptional treatment should be required to adopt methods to insure re-generation.

" 2. That the Federal Forest Service agrees to perform field work necessary to enforce the above provisions. This is technical work and Forest Service Officials could report their findings to the Control Committee who would then be responsible for enforcing complaints of

[illegible] year to increase their timber acreages. In other words, two different governmental authorities, both in the same department, are pursuing absolutely contradictory policies with respect to the same forest reserve.

"We, with many other timber owners, hope that the government forces can be kept united in a co-operative organization, but it is only too evident that with the present vicious system of allotment, the membership department will very soon be broken. In a desire to hold the Douglas fir forces together in the remedial agreement, we make the following suggestions:

"1. For the year 1922, the control of production shall be as follows:

"(a) No round trees less than ten inches in diameter breast high shall be cut.

"(b) Every operator of 100 or leased timber shall take down the equivalent of the trees which are less than nine inches [illegible] (This will give four years to bring the minimum diameter up nine inches.)

"(c) Owners of 640 acres or more of unprotected timber shall make only such exceptions as can be sustained logically, except in such special cases where owners can prove a larger exception is necessary to prevent loss of their land by foreclosure or tax sale. But owners who receive such exceptional treatment should be required to adopt methods of improved operation.

"2. That the Federal Forest Service agrees to permitting Pacific [illegible] to enforce the above provisions. This is contingent upon the Pacific Northwest Cutbanks owner report their findings to the Forest Service. Certain conditions may be required for enforcing compliance of

Non-compliance.

" 3. That $100,000 of the fees paid by the processors be placed in a special fund for advertising and research work. That subscribtions to the same fund be obtained from the Factors and Dealers, and if possible, from the Steam Distilled people.

" There is every reason to believe that the consumption of naval stores can materially be increased quickly by advertising, but this must be supported by research.

" Naturally the above are only rough suggestions but I believe the ideas behind them are sound and worthy of the most careful consideration.

" Yours very truly,

DUBLIN PENINSULA COMPANY

By:

R. E. BENEDICT

R. E. Benedict

Secretary

"cc:

Control Committee

F. A. Silcox, Forester

Dr. Millard Reese

Mr. M. L. Rue."

MR. BENEDICT. Now, Mr. Chairman, the results of the survey in Georgia have been completed, and I was hoping that Captain Eldridge's analysis might have been ready so that it could have been presented at this meeting. The analysis has not been completely analyzed.

I have a copy, but I am not just certain of the figures; however, the figures in Captain Eldridge's survey show I was nearly correct.

It shows plainly that in Georgia unless we take the nine-inch trees and cut them this year, we only got enough nine-inch timber to last us four or five years. The growth comes every five years. The supply of nine-inch timber today divided by four or five would just let us keep up our present crop. Of course, in four or five years there is going to be more nine-inch timber coming in. I say, and I am positive that Captain Eldridge's analysis when it comes in will show, that in Georgia we have not got any more than enough nine-inch timber to keep up our present crop. I think there is a little more nine-inch timber in Florida; at least, that was my impression in travelling through there, than there is in Georgia.

I know in Alabama and Mississippi there is probably more, although the total area is not great. It would be unsafe, possibly, although at this late date I do not suppose many new places will be opened up in the western District or in South Carolina, because of overproduction this year. In other words, it is my present belief, subject, of course, to the analysis which Captain Eldridge will make later on, that that proposal there will not result in an increased crop over the present year. If that was so, what was the use of going through all of this tag and allotment business? It is extremely expensive and subject to many violations. You are not going to be able to stop the violations next year. you are going to reduce them, but you are not going to be able to stop all of these small producers from violating them.

I am sure most of the money subscribed by producers and processors is used for the policing of this agreement. I do not know what the total amount of money is, but I think that the maintenance of the Control Committee alone, if it did not have the policing to do, should not cost more than twenty or thirty thousand dollars. That is just a guess. That leaves possibly $100,000 to go into advertising.

In some places one is [illegible] enough to have [illegible] speed-limit signs on our [illegible] roads, we will get [illegible] speed-limit signs to last us four or five years. [illegible] years. [illegible] or speed-limit signs [illegible] by four or five years would just let us keep up our present pace. Of course, if four or five years [illegible] seem to be more speed-limit signs coming up. I see, and I am prophesying that Georgia Highways [illegible] when it comes in will show, that in Georgia we have not yet any more than enough speed-limit signs to keep up our present pace. I think [illegible] is a little more speed-limit signs in existence as [illegible], that our [illegible] in travelling through there, then going in in Georgia.

I know in Alabama and Mississippi there is probably more, although the total area is not great. It would be [illegible], possibly, although at this late date I do not suppose many new signs will be erected up in the [illegible] districts or in South Georgia, because of overproduction this year. In other words, it is my present belief, anyway, of course, in the analysis which Georgia Highways will make later on, that that problem there will not result in an increased drop over the present year. If that was so, what was the use of going through all of this hue and [illegible] business? It is extremely expensive and subject to many violations. You are not going to be able to stop the violations most [illegible] you are going to reduce them, but you are not going to be able to stop all of them until pressure from violating them.

I am sure most of the money authorized by Legislature and [illegible] is also for the painting of this equipment. I do not know what the total amount of money is, but I think that the maintenance of the Control Commission alone, if it is the maximum the Legislature is to do, should not cost more than twenty or twenty thousand dollars. That is just a guess. It never exceeds $100,000 in an [illegible] year.

You gentlemen will remember a letter which was received from the assistant manager of the Hercules Naval Stores Company. This was written as an individual, not on behalf of the Hercules Company. It is printed in the Naval Stores Review. The gentleman writing the letter stated that in the course of his work two or three years ago he visited over 200 master painters, that each one was perfectly willing to admit that turpentine was the best material for thinner; that the cost on a medium sized contract would not greatly increase the contract price; that many of them would be willing to use it to a greater extent than they are now.

Our crop is, say, 450,000 barrels. There are 2,000,000 barrel of white spirits used. If by advertising we could get 50,000 barrels, it would relieve our stock situation, -- just 50,000 barrels. I believe $100,000 would get the 50,000 barrels.

Just to put it brief , the American method of getting somewhere is to go out and dare something, take a chance. This agreement is a negative thing. We just cut and cut and cut, hoping that things will come up, but let us go out and dare something. Let us go out and try to improve our consumption. This would give us a means to do it.

In closing, I repeat that I cannot conceive of an agreement like this continuing. It has too many injustices, too much harm caused by it, and it is too difficult of administration.

This nine-inch limit puts it right on the land in the simplest way possible. Just to show the difference, I tried to work out a system of tieing it up to the land to retain the quota, and I just wanted to read it to you gentlemen to show what a trifling thing it is.

This is a suggested plan of allotment, based on completion of unexpired leases, unworked-out crops on fee land, replacements of worked-out crops on fee land, and allotments to new and old fee-owning processors

/or producers
to bring production to a substantial yield basis.

The first is the completion allotment.

1. Privileged leases (requiring working of a minimum number of crops)

The basic allotment for a so-called privileged lease or contract shall be the estimated 100 percent production in 1935, from the minimum number of crops required to be worked.

That is, in 1935, not in 1934, the estimated 100 percent production in 1935, next year.

The 1935 allotment for such leases shall be 87.2 percent -- that is 12.2 out from 516,450 -- of the basic allotment.

2. Unprivileged leases, not expiring before December 31,1935:

The basic allotment for such leases shall be the estimated 100 percent production in 1935 from those leases which were in effect on April 1, 1934, and which will not expire before December 31, 1935.

The 1935 allotment for such leases shall be 87.2percent of the basic allotment.

3. Crops on fee lands owned by processors or gum producers.

This is on fee-simple land.

The basic allotment of crops in operation in 1934 and which will not be worked out before December 31, 1935, shall be the estimated 100 percent production in 1935.

The 1935 Allotment for such crops shall be 87.2 percent of the basic allotment. -- That is just giving the crop production to the crop working.

Replacement Allotments.

Processors who are fee land owners and who have crops on fee lands which are worked out in 1934 shall be entitled to receive replacement allotments on the following basis:

The basic allotment shall be the estimated 100 percent production

/or producers

from such expiring leases or worked-out crops for the season of 1934.

The 1935 Allotment for such crops shall be 87.2 percent of the basic allotment.

The 1935 allotment for completion of unexpired lease and unworked-out fee crops and for replacement of fee crops worked-out in 1934 shall be totaled and constitute the "Completion and Replacement Quota."

Any balance remaining from the total quota after deducting the Completion and Replacement Quota shall constitute the New Producer and Enlargement quota, and shall be alloted as follows:

All applicants for allotment from the New Producer and Enlargement Quota shall be fee owners, but any allotments granted from this quota may be transferred or assigned to any processor for use on applicants owned or other timber. That gives an out for the processor who has been leasing. He can go out and buy these allotments just as they do at present. He goes out and buys leases. In other words, to get a lease he would have to get and allotment along with it.

Any applicant, his heirs or assigns, who transfers his allotment from this quota may not apply for another allotment from this quota for the identical lands before the expiration of two years. All applicants for allotment from this quota shall be required to show acreage of timber lands owned, and the number of trees nine inches in diameter breast-high having at least one unworked face, now on the property, and the number of trees worked in 1934.

This will give the percentage of the total number of workable trees now being worked.

No applicant now working 75 percent or more of his nine-inch trees shall be entitled to any allotment from this quota.

Applicants now working not less than fifty percent nor more than

75 percent of their nine-inch trees shall share proportionately in 25 percent of the New Producer and Enlargement Quota, provided that no applicant shall receive an allotment for more than 75 percent of his nine-inch timber.

Applicants now working not less than 25 percent nor more than 50 percent of their nine-inch trees shall share proportionately in 25 percent of this quota.

Applicants not working now more than 25 percent of their nine-inch trees shall share proportionately in 50 percent of this quota.

I may say that this quota, I figure, will be about 35 percent. You have the 12.2 cut. You have roughly ten percent reduction in production as the bases go up. Then you have 20 percent of the crop going out each year. Roughly 20 percent goes out each year.

Now, I am not advocating this. I am giving the best method I can find like in connection with the citrus agreement, this having to do with an allotment being tied up to the land, tied to the orchard, tied to the tree, which would be practical, the details to be worked out. Beyond a nine-inch limit or a ten-inch limit would obviate all of these difficulties.

What I am particularly keen about is getting a fund of money for advertising. I cannot speak for the Forest Service, of course, But I believe we could arrange with the Forest Service to do this police work, and that would save a tremendous amount of money.

Mr. Chairman, I think that is all.

PRESIDING OFFICER COOK. Are there any questions of Mr. Benedict?

MR. WILSON. I think you inadvertly made a statement which should be corrected. You said there was no research going on.

75 percent of black mine-lands trees shall share proportionately in 25 percent of the net produce and delivery quota, provided that no applicant shall receive an allotment for more than 75 percent of his mine-land trees.

Applicants not working not less than 50 percent nor more than 50 percent of their mine-land trees shall share proportionately in 25 percent of this quota.

Applicants not working not more than 25 percent of their mine-land trees shall share proportionately in 50 percent of this quota.

I say say that this quota, I figure, will be about 50 percent. You have the idea. You have roughly ten percent technicians in production as the bases go up. Then you have 20 percent of the area coming out each year. Roughly 50 percent come out each year.

Now, I am not advocating this. I am giving the best method I can like in connection with the divine agreement, this having to do with an allotment being laid up to the land, that to the orchard, that to the tree, which would be practical, the details to be worked out. Beyond a mile-land limit or a ten-land limit would obviate all of these difficulties.

What I am particularly keen about is getting a fund of money for servicing. I cannot expect the forest service, of course, but I believe we could arrange with the forest service to do this policing work, and that is a tremendous amount of money.

Mr. Chairman, I think that is all.

Chairman [illegible]. Are there any questions of Mr. Donaldson?

Mr. WILSON. I think you inadvertently made a statement which should be corrected. You said there was no [illegible] going on.

MR. BENEDICT. I beg your pardon. I had forgotten about that.

MR. WILSON. Mr. Spah can put that in.

MR. BENEDICT. I just had forgotten that for the moment.

MR. HADLEY. You know the way this whole business is set up, not only marketing agreement but also the lumber code, which has to do with the same sort of thing, is on the basis that it is the responsibility of the industry to enforce their own rules and regulations. The suggestion you offered, of course, would mean a radical departure from that policy as it is set up at this time. I just want to bring out that point.

PRESIDING OFFICER COOK. Do you want to clear the record up on that question first?

MR. SPAH. Yes.

PRESIDING OFFICER COOK. As to what research is being done, Mr. Spah?

MR. SPAH. Exclusive, of course, of the private research going on by various corporations or individuals in the industry, to what extent we do not know, I know of no such fundamental research being conducted to develop the market for these products, being conducted by any private enterprise within the gum industry. The Control Committee has always felt that one of its duties was going to be the development of markets.

I have yet to hear a member of the Control Committee indicate that they felt other than if this marketing agreement was to be put into effect and continued for one, two, or four years, and nothing had been accomplished other than holding down the crop, they would certainly have failed to have carried out or have availed themselves of the fullest opportunity. While it may have helped conditions by maintaining a balance between production and consumption, with a corresponding improvement in price to the processor and wages to labor, nevertheless they were not handing a heritage to the industry by which they would benefit.

Mr. [illegible]. I say [illegible] question. I just [illegible] about that.

Mr. [illegible]. Yes, sir, I'd like to.

Mr. [illegible]. I have had [illegible] that for the moment.

Mr. [illegible]. You have the new this whole business is all up, not only antitrust enforcement but also the labor code, which has to do with the same sort of thing, is on the basis that it is the responsibility of the industry to enforce their own rules and regulations. The suggestion you offered, of course, would mean a radical departure from that policy as it is set up at this time. I just want to bring out that point.

[illegible] [illegible]. Do you mean to close the record up on that question first?

Mr. [illegible]. Yes.

[illegible] [illegible]. As to what procedure is being done, Mr. Tyler?

Mr. [illegible]. Basically, of course, of the private research policy as by various associations or individuals in the industry, to what extent we do not know. I know of no such fundamental research being conducted to develop the market for these products, being conducted by any private enterprise within the gas industry. The [illegible] [illegible] [illegible] [illegible] of its duties was going to be the development of markets.

I have yet to hear a member of the [illegible] [illegible] that they felt other than if this antitrust enforcement was to be put into effect and continued for one, two, or four years, and nothing had been accomplished after the raising down the axe, they would certainly have failed to have carried out or have realized themselves of the fullest opportunity. While it may have [illegible] [illegible] to minimize a relation between production and consumption, with a corresponding [illegible] is going to [illegible] pressure and [illegible] [illegible], nevertheless that does not [illegible] a [illegible] in the industry to which they [illegible] [illegible].

Each member of the Control Committee has repeatedly said he felt his responsibility to see that something was done along the lines of research and advertising.

I must tell you this year we have done little or nothing along that line, chiefly because we were so busy feeling our way, so busy being on the defensive, so busy trying to straighten out certain things here and there, that we have not been able to devote as much time to that as is desirable.

However, the Control Committee, I may say, has pretty definitely in mind that they are going to do such a thing. What has been done is this: In co-operation with the M. P. R.A. and through the continual urging of C. H. Kohler, who represents the Bureau of Chemistry and Soils as field agent, and also the Florida Forestry Service, we are now starting some research work, and that is being conducted at the University of Florida.

There are four chemists down there, three of whom have got degrees, and the work is being conducted under the leadership of some very able men. Just what it will accomplish we do not know. How long it will be permitted we do not know. The F. E. R. A. have appropriated about a thousand dollars under their relief work and the Control Committee, with the approval of the Secretary of Agriculture, has put aside a thousand dollars for that purpose and out of that we meet certain miscellaneous expenses. The understanding is that when the M. P. R. A. ceases to be able to carry that on, then we go into our fund to carry it on.

It is hoped that this is nothing but a start, and after having once started and opened up the way to see what is ahead of us, the Control Committee will then ask -- or place before the Secretary of Agricul-

Some members of the General Committee have repeatedly said he felt it is responsibility to see that something was done along the lines of research and activities.

I have said you this year we have done little or nothing along that line, mainly because we were so busy feeling our way, so busy being on the defensive, so busy trying to stimulation out worthwhile things here and there, that we have not been able to devote as much time to that as is desirable.

Recently, the General Committee, I may say, has pretty definitely in mind what they are going to do much a thing. What has been done is this: In co-operation with the N. P. H.A. and through the continual urging of O. E. Smith, we succeeded in getting it through - we hope in final report, and also the Florida Tuberculosis Service, we are now starting some research work, and this is being conducted at the University of Florida.

There are four students there, three of whom have got fellowships, and the work is being conducted under the leadership of some very able men. Just what it will accomplish we do not know. How long it will be practical we do not know. The P. H. A. have appropriated about a thousand dollars under their relief work and the General Committee, with the approval of the Secretary of Agriculture, has set aside a certain dollars for that purpose and not so that is not a certain sum.

The contributing in that when the N. P. A. seems to be able to carry that on, then we do have our fund to carry it on.

It is hoped that this is nothing but a start, and after having some started and speed up the way it has which is ahead of us, the General Committee will then ask -- or plan before the Secretary of Agriculture.

ture a plan for expansion, subject to his disapproval.

So far as advertising is concerned, I do not have to go on record before anyone here and say that that is something I have advocated for probably ten years or more. I agree with what Mr. Benedict said, only I am a little more optimistic and would go further. I would say it is possible to put on an advertising campaign which would consume every barrel of gum-turpentine we can produce and at a profit.

TESTIMONY OF W. M. OETTMEIER

FARGO, GEORGIA

REPRESENTING SUPERIOR PINE PRODUCTS COMPANY

(The Witness was previously duly sworn by the Presiding Officer.)

MR. OETTMEIER. Mr. Chariman, I would like to enhance a little on Colonel Benedict's remarks, especially in connection with the owner of timber land.

In the first place I think that the owner of the timber land or the man who grows the timber and protects it and manages it is really the true turpentine farmer, if there is such. I think the timber land owner must have some protection in this present agreement to the extent that he can really get returns from his land.

To give you an example, I represent an area of 225,000 acres of flat woods timber, practically all turpentine pine. This land was put under forest management in late 1925 and to give you some figures, when this land was first purchased, the original owner had 171,000 acres and the figures and percentages I will give you are based on that 171,000 and not on the 225,000.

On the 171,000 acres there were 91 crops of turpentine being worked. That was in 1925. In 1926 it was reduced to 66 crops, a reduction of 27 percent, and that from only the 171,000 acres. In 1927, 50 crops. In 1928, 30 1/2 crops. These are the actual crops being worked

during these years. In 1929, 31 crops. In 1930, 48 crops. In 1931, 42 crops. In 1932, 54 crops, with some reduction that year due to fire. In 1933, 42 crops. In 1934, 54 crops. In 1934 we were still working 41 percent less than the original owner had worked on approximately 50,000 acres less.

Our reason for all this was to put our forest on a sustaining-yield basis. During this time we have spent lots of money in protecting our forest. I believe I can say we have one of the best fire-protection systems in the southeast when it comes to flat woods forest, and this is barring none of them. It costs us approximately $40,000 a year to maintain our complete organization. We have been plowing firebreaks. We plowed over 3,000 miles of six-foot breaks and we have in addition to that the breaks that were put in by the C. C. C., of 150 miles or so. We are still continuing to plow, and we have probably 1,500 more miles to plow. We use in our fire-protection scheme besides seven capable rangers, a fire crew that ranges from ten to fifteen men. We have installed recently radio communication in the forest. This radio of ours works in the nature of a police radio. Our rangers have receivers in all of their cars, with a man at the transmitting station at our headquarters at Fargo, and we dispatch the crews to fires by radio.

I am just entering this into the record to show what expense we have gone to to really protect our forest.

At the present time, as I say, we are working 54 crops. We are not working it ourselves, we are leasing it. I say that the owner should have some say-so in this agreement. If we should decide to want to work our own timber, the best I see we could ever do would be to get a percentage of a thousand units.

Our timber today is capable of working 150 crops, based on ten-

inch timber stock, 150 crops of turpentine on a sustained-yield basis, and yet we are only working 54.

What I would like to know is what would happen if we should want to work our own timber? As I stated previously, it costs us in the neighborhood of $40,000 a year for taxes, labor, fire fighting, rangers salaries, and keeping up our fire-breaks.

Our present return from naval stores -- if we put in what we would like to work this year -- would amount to a little less than $40,000. Of course, we have had our returns from the wood and other items. If the owner has not a say-so in this agreement, then I think, Colonel Benedict, the owner is doomed. The man that is actually the turpentine farmer, the man who actually grows the turpentine trees, is in bad shape.

May I refer further to Colonel Benedict's first statement? We have an agreement here that more than likely will go through. It is complicated in many respects. I should say that there are few men at the present time who understand it thoroughly. I believe the simplest method would be to have Article 7, I believe it is, the conversation article, made the backbone of this entire agreement. I mentioned that at the hearing Monday, and I still maintain that. If the producers or the operators are held to a diameter limit, it will be the simplest and sanest way of ever reducing production, if that is what is necessary.

Captain Eldridge's figures for the State of Georgia show that last year 45 percent of the timber hung was on trees below nine inches in diameter and of the entire crop worked 21 percent were below nine inches. Of course, we realize that timber below nine inches will have a reduced yield over the average turpentine tree, nevertheless I think it is safe to say that if that part of the timber should be cut out below nine inches, the actual production would be reduced at least twenty percent. If we could only have such a start for one year, I believe we would be farther

ahead than by trying to let a man produce what he can but only allow him to sell so much. He will sell what he can.

As far as policing is concerned, I again agree with Colonel Benedict that it should be done by the Forest Service. Mr. Hadley made the remark that it is up to the industry to police itself. If I am going to pay a man to keep me from going crooked, I will fire him the minute he puts a law in. I think the burden of policing should be on the Federal Government, where we can get some action, because we all know, as Colonel Benedict and several more have remarked, the provisions of the agreement are violated.

Now, I do not say, do away with the entire agreement, because there are a good many things in there that are very necessary, but if the diameter limit were the main part of the agreement I think it would result in very little future trouble in reference to overproduction.

Of course, people may say, if you reduced the diameter limit and it was adhered to, eventually we would have so many nine-inch trees and larger that we would still have over-production. Well, on the other hand, we are going to reduce the crop somewhat, we are going to keep a man from selling his product, therefore, in order to do that, we have to take off some trees, no matter whether he takes off eight-inch trees, ten-inch trees, or twelve-inch trees. No matter which way you do it, you are going to have more trees un-turpentined. Why not just weed out the smaller trees that are really not profitable?

I feel if a man is working timber under nine inches he is being done a favor if he is prohibited from working them because it is uneconimical to work small timber and he will benefit more in the future by the increased yield from the larger trees.

Mr. Chairman, I wish to go on record as saying, first, that the timber owners be given some consideration in the ability to produce the

timber, especially where they have been managing their forests on a sustained-yield basis, where they have been protecting the forest from fire; and second, that the diameter limits of the trees be a basic feature in the future control of naval stores.

MR. BENEDICT. Mr. Chairman, may I add a word?

PRESIDING OFFICER COOK. Yes.

MR. BENEDICT. My decision to go along another year with this agreement, the best one that can be worked out, is predicated on the hope of getting Government loans. Now, all these Government loans amount to is that the industry finances its own inventory. Our banker at this time is the United States Government. We are going to finance our inventory. We are going to build up our inventory by Government loans. If we were one company, under one management, and one mind, we might figure it was wise to finance some marketable stuff, and we would certainly search every opportunity to increase our sales. Under this present scheme we just simply go ahead and finance our inventory and neglect entirely the effort to increase our sales.

To any manufacturer, that would be crazy, but with the Government to do it, well, we can just do it.

I do not know whether the California citrus growers are still advertising, but I know they started advertising some years back, and the results were tremendous. I lived in California at that time. It took that industry out from a hopeless condition and lifted it up into a going concern. We have the same opportunity here if we will get together and advertise.

MR. BRAUN. I would like to make a few comments:

First of all, the Eldridge survey has been mentioned a number of times. I do not believe those surveys have been introduced into the record.

I think it would be well, if possible, to introduce, Mr. Eldridge's survey into the record.

One more point:

There has been a lot of discussion with reference to the economy of working a large tree versus a small tree. I should judge there must be cost analyses showing the unit cost of operating, let us say, a six-inch tree, and eight-inch tree, a nine-inch tree, an eleven inch tree and so on. If there are any such studies showing the unit cost for different size trees, I wish those analyses might be introduced into the record.

MR. OHTTRIEM. I would like to make one remark. I believe Dr. Cary has furnished these records you asked for. Mr. Hadley could possibly get them from the Forest Service in connection with various sized trees. I believe Dr. Cary has various figures he can furnish for the record.

MR. BRAUN. Apparently those are available from the Forest Service.

MR. OHTTRIEM. Yes.

MR. BRAUN. Are there surveys made by any private companies that may be available?

MR. OHTTRIEM. I do not know.

MR. BRAUN. I would like to point out one difference between the citrus industry and the turpentine and rosin industry, so far as their relation to marketing agreements is concerned:

In the citrus industry we are dealing with the control of volume that moves to market after the fruit is mature. Fruit matures on the tree, and then we are concerned with the control of the marketing from that point on.

Turpentine and rosin does not mature on the tree, so we are getting in this hearing and in other hearings a great conflict between production and marketing control. The Agricultural Adjustment Act under the marketing agreement provisions concerns itself with marketing or processors or handlers or processors. We can only enter the production-control phase in-

directly. This is primarily a processors agreement, as has been pointed out before, ans so far as the conservation clause is concerned, it seems to me the processors are looking to the future and agreeing that they will not process from trees less than nine inches after the exisiting leases expire.

PRESIDING OFFICER COOK. The record may show that the forest surveys made by I. F. Eldridge, regional director, as published by the Forest Service, U. S. Department of Agriculture, have been incorporated in the record by reference, the same being available to members of the Administration or other individuals who care to obtain them, by application to the Forestry Service of the Department of Agriculture.

It has also been suggested on behalf of the Administration by Mr. Callahue that not only the pages and briefs referred to by Mr. Spah in reference to the hearing which was held at this hotel a year ago this November be incorporated by reference, but the entire transcript, together with all briefs which were filed and attached to the transcript be incorporated by reference and the transcript of the hearing and briefs filed subsequent thereto and the hearing upon the factors, distributors, and dealers of gum-turpentine, which was held in July, 1934, here at Jacksonville, be incorporated by reference as well as the transcript of the testimony taken together with the briefs filed in a similar hearing which was held in Washington, D. C., some time in September, on or about September 20, 1934, be incorporated by reference, the last one being the hearing for processors of wood turpentine and wood rosin and license for competing commodities.

MR. BENEDICT. Could I bring out a point brought up by Mr. Braun?

PRESIDING OFFICER COOK. Yes.

MR. BENEDICT . I think your statement was, Mr. Braun, that the citrus marketing agreement was based on the fruit as it comes into bearing or be-

comes ripe. A comparable situation in the naval stores industry is when the crops are hung. The protest committee headed by Mr. McCarthy last August made the recommendation, if I remember right, that the ability to produce on April 1, 1934, should be adopted as the basis of the allotment for 1934. After the crops are hung and an investment of, say, $500 a crop is made, I think that is comparable to when the fruit is brought into harvest. This plan that I suggested but did not recommend carries that situation out. The present marketing agreement goes beyond that and as the crops drop, that is comparable with when we drop our cups. You keep on going and giving them to the same people you gave it to before instead of dividing it up amongst those who have ripe timber. There is the great injustice.

If the marketing agreement could recognize the superior rights of those people who have crops hung, and then divide it up equitably, why, you would have a marketing agreement which is comparable to the citrus agreement, besides giving preference to the crops already hung, which continues and gives the present holders of those crops the right to continue regardless of the rights of other people who have ripe timber.

PRESIDING OFFICER COOK. At this time I wish to add to the statement in regard to the incorporation of certain papers by reference, referring to the surveys made by Mr. Eldridge, special attention is called to the issue of October, 1934, labeled "Occasional Paper No. 36", the one of August 1934, labeled "Occasional Paper No. 34", and the issue of November 1, 1934, entitled "Forest Survey No. 4", "Forest Survey Release No. 4".

TESTIMONY OF JULIAN A. FANT

FLORIDA THEATRE BUILDING

JACKSONVILLE, FLORIDA

REPRESENTING MELIO-RESIN CORPORATION

(The witness was duly sworn by the Presiding Officer.)

MR. PAWT. Mr. Chairman and gentlemen:

I am sorry that we have not more of the industry here, but it looks like all the boys with patches on their britches have gone home. I presume that probably the control of the situation still remains.

We have listened to article V and, in fact, the whole agreement, and, from the standpoint of benefit our interest is purely academic, you might say. We have had considerable trouble with this whole thing from its inception. There cannot be trouble without reason. There cannot be differences without reason, and there cannot be differences that cannot become reconciled by the application of the reason.

I have attempted at this meeting to try to ascertain why we, you might say, are the step-child, or why the Nelio-Resin Corporation is the step-child of this whole movement. I do not know whether my efforts were rewarded with any really pertinent information or not, but I was informed by one processor that we were regarded as the Common enemy. It is a right serious thing that we are the common enemy, and, if so, that we should have no vote whatsoever in the selection of the men who are going to govern us, if they be selected by the common enemy.

I was informed by another that they wanted to force us to buy our gum from the existing processors. In other words, this artificial feeding that Mr. Reese spoke of comes from our lifeblood, so to speak, or might come from our lifeblood. This brings up the question of classification, which I will treat in a few minutes.

At the beginning of this meeting, Mr. Chairman, you stated that the purpose and object of your visit was to help us, and I am constrained to assume that you meant us along with the rest of the gentlemen here. We would like very much if we could come in as wards of the law and so protect ourselves without raising any objection, and rely on the good faith of the

[illegible] Mr. Chairman and Gentlemen:

[illegible] in every land we have met with a [illegible] hunger, but we [illegible] with problems on their particular [illegible]. I propose [illegible] of the [illegible].

[illegible] historical [illegible] "[illegible]", to [illegible] the whole movement, [illegible] the standpoint of security and [illegible] is purely accidental, and [illegible] to have had [illegible] trouble with [illegible] which are [illegible]. There cannot be [illegible] [illegible] by the application of the reason.

I have attempted at this meeting to say to [illegible] why we, you which are, are the stepmother, or why the Mr. [illegible] movement is the [illegible] of the whole movement. I do not know which [illegible] [illegible] with any [illegible] information or [illegible], but I am interested by [illegible] that we were regarded as the common enemy. It is a [illegible] [illegible] that we are the common enemy, and, if [illegible], that we should have [illegible] in the selection of the man [illegible] to [illegible] us, [illegible] be selected by [illegible].

I was [illegible] by another that they wanted [illegible] forces as [illegible] [illegible] from the existing [illegible]. In other words, this artificial feeling [illegible]. These spots of [illegible] from our [illegible], as we speak, [illegible] our [illegible]. This brings us the question of [illegible]. [illegible] [illegible].

At the beginning of this meeting, [illegible] and objects of your visit was to help [illegible], and I am convinced [illegible] that you meant us along with the rest of the [illegible]. [illegible] [illegible] the very week if we could come in as [illegible] of the law and to prevent [illegible] [illegible] any [illegible], and [illegible] or the good faith of the

industry and the relation of trust and confidence existing between ourselves, the Control Committee, and you gentlemen, and yet we have no way to judge the future except by the past and the past has not been particularly healthy for us.

The first license was issued around March, 1934, and we commenced to receive rumors that this license would be amended so as to include us. We wired the Agricultural Adjustment Administration in Washington and we asked for notice and an opportunity for hearing in the event we were to be governed by some group that had been set up. We never received an answer to the wire. We never received a notice. We never had a hearing; and we woke up to find ourselves suddenly coming within the license. The license was issued. At the factors and distributors hearing -- I forget exactly when that was held -- we asked leave to file a brief, and we were informed that we would be given ten days within which to file a brief. By some unfortunate circumstances, gentlemen, the license issued before our brief arrived, although it arrived within the period allowed.

Those things have put us in a rather peculiar position with reference to this matter and I might state here and now that we are here in good faith, we are not here to destroy, but we are here to upbuild and we are here to protect ourselves.

It is a rather amusing thing, and I would like this to be put in the record, that last year detectives were lurking around our plant, sent down from Washington. The poor fellows were standing out in the snow and rain, attempting to secure information. When we learned of their existence, we invited them into the plant. We gave them books and we made known everything that they could want to know, and told them if they ever came down again not to bother about hiding away but to come in and take a chair there by my good friend Fogarty and make themselves at home, ascertaining such information as they might desire.

The crux of the whole thing is this, that apparently there has been

industry and the relation of timber and coal industries underlying between natural resources, the natural conditions, and the distribution, and yet we have no way to guess the future except by the past and the past has not been particularly [illegible] for us.

The first license was issued around March, 1954, and we commence to discover somewhere that this license would be granted so as to include [illegible]. In fact the Agricultural Department definitely [illegible] in Washington at the [illegible] for notice and an opportunity for hearing in the event we were to be protested by some group that had been set up. We never received an answer to the [illegible]. We never received a notice. We never had a hearing; and we note up [illegible] effective immediately coming within the [illegible]. The license was issued. At the factors and distributors meeting -- I forget exactly when that [illegible] held -- we asked leave to file a brief, and we were informed that we would be given ten days within which to file a brief. By some unfortunate circumstances, good enough, the license issued before our brief arrived, although it is arrived within the period allowed.

Some things have put us in a rather peculiar position with reference to this matter and I might state here -- not that we are here to [illegible], but we are here in good faith, not [illegible] we are here to submit and we are here to protect ourselves.

It is rather amazing to me, and I would like this to be put in the record, that last year delegates were hustling around our plant, and from the [illegible]. The poor fellows were standing out in the snow and rain trying to secure information. Then we learned of their existence, we invited them into the plant. We gave them books and we made known everything that they could want to know, and told them if they ever come down [illegible] not to bother about hitting every but to come in and take a look there [illegible] good (from Europe) and make themselves at home, assertainable such information as they might obtain.

[illegible] the wood taking is this, that apparently there has been

some concerted movement, a hidden movement, a movement that we cannot find, to pin us down, to tie us to a stake somewhere, and we cannot understand it. That is one reason we are here today, to attempt to find out what is the cause of that.

During this very meeting, the first time I spoke Mr. Spah immediately said, "Are you speaking as a contracting processor?" Well, during the course of this talk I will answer that question. It illustrates that there is some point at which there is a desire that we be tied so that perhaps the brush can be brought up, put around us, and the fire lighted. If I am wrong, I want that to appear also in the record of this meeting.

Mr. Chairman, they say that a friendly co-operation is a loving blow, and I hope that you won't take this reproof as being malicious or intended to hurt your feelings. At the commencement of this meeting you asked that someone in the audience, some one person, kindly give us some information on certain facts, and enumerated quite a number of things that you desired discussed. I do not know how many of these gentlemen were prepared to answer any such question, but I do know that Mr. Spah was in a position to give quite a long prepared dissertation expressing his opinion, and yet from a reading of the record, as opposed to being present, it might have appeared that that must have been the concensus of opinion of the gentlemen present.

This record may come before the scrutiny of gentlemen who are not now present. In fact, by some God-given chance perhaps some day the Secretary of Agriculture himself may see it. We hope so.

If this opposition comes from some place, where does it come from, and why does it exist? Certainly I can truthfully say that we have received every co-operation from Mr. Ward. He has worked with us in every possible fashion and he has endeavored to alleviate our difficulties. Mr. Ward made an effort to secure us some type of allotment, but that was unsuccessful.

Why? We have not yet fully ascertained.

Gentlemen, we are rather in the position of the old darky up in Georgia who was sentenced to hang. He had high hopes of a reprieve or a commutation of his sentence. He was rather optimistic and, on the morning of the hanging, they were driving him to the gallows in a wagon. His wife was sitting with him. She was questioning him about the disposition of their farm. He was telling her he wanted corn planted here, cotton planted in this field, and potatoes in another. That was before the days of the A. A. A., when it was possible for a man to confer with himself about what he would plant. Just in the middle of that dissertation they came up over a hill and the gallows were in sight. His wife said, "Sam, what about that little field away off over on the left?"

Sam said, "Mandy, you can plant any damn' thing you want in that field. I have just about lost hope."

That is the way we feel with reference to the administration and the handling of this whole matter. Whether it is the fault of the Government of the fault of the Control Committee, I do not know, but an inequity exists. Mr. Reese gave an excellent definition of equity yesterday and I noticed that nevertheless everyones attitude was that these universal rules in here must exist without exception and that it was just too bad; perhaps some day they will be worked out.

I would like to go a step further and tell you that until that great chancery side of the law came into existence, and in fact the reason for it coming into existance, because without it the terms "law" and "Justice" were not synonymous and I might say here that your universal rules and justice without equity will not be synonymous either. You might further remember that if you refuse to apply equity perhaps some other body, thinking more of equity, will apply it. All the way through we have still been

without a vote and without an allotment, but we have been vastly regulated. That is a curious thing. As one man states, no friend of ours, that we were a common enemy and have no vote, no allotment. If I remember correctly, just such a situation caused us to separate ourselves from what is now one of the best-governed empires in the world. That situation must be remedied, and some attention paid to the matter. It is not possible for you gentlemen to continue here to blind your eyes to our existence, to seek to fasten us down and chain us down with regulation, and give us no allotment.

Now, we have been asked this question: "Well, would you have been any better off if there had been no control?" Why, of course, because, then we could go out and buy timber and lease timber, and produce our own gum.

I might state here that I think Mr. Reese' plan is certainly more equitable than the old one, but even under his plan, if we were to go out and buy all of the timber in Florida, we could not produce from it but a thousand units, so we could not help but have been better off without control.

Then the next thing you say is: "Go out and buy a lease from a processor who has an allotment." Are we not a processor? You attempted to classify us as one. Must we be the hand-maiden, subservient to all other processors? Must we be required to pay a premium to exist in business? Certainly regulation has not benefited us there, and certainly regulation cannot benefit us under a control committee, with the selection of whom we have nothing to do.

We are in a rather peculiar position in the industry for another reason. Mr. Upah made the statement he did not think or believe that anybody in the industry was doing reasearch work. Permit me to state that the Neliokesin Corporation maintains a staff of chemists and that they do now and

have already done more in actual research accomplishment than the entire industry put together. We therefore challenge Mr. Spah or anyone else to contradict that statement.

We want representation on the Control Committee. That is one thing we want. We want a quota or an allotment in keeping with our requirements. That is the other thing we want. Our investment was made and our obligations incurred prior to the existence of this Agricultured Adjustment Act. We manufacture a patented product that the Government has already given us a license to manufacture and in order to manufacture that product we pay a royalty. We pay a minimum royalty of quite a considerable sum of money, whether or not we turn out any Nelio-Resin or not. So it would be wise to be careful in the destruction of our investment.

We differ from the ordinary processor in many respects. In the first place, we have a large central plant instead of the smaller units that can be taken down and moved. In the second place, we own no timber or leases. In the third place, we do not make the same product that they make, and the United States Government says that we do not. In the fourth place, our sales problem is different. Fifth, we do not deal through factors, but direct. Sixth, our package problem is different. We ship by tank car and, in connection with that method, we are not concerned with the package problems that the ordinary processor is concerned with. Our tariff problems in foreign countries are not the same. Our storage problems are different. Our freight rates are different. In fact, we are more different from the ordinary processor than the wood distiller when you sum together all of those things and observe how we conduct our business.

Gentlemen, if you do not mind, I would like to read to you, although I understand it is incorporated in the record already by reference, a portion of our brief filed but not considered at the factors' hearing.

PRESIDING OFFICER COOK. Pardon me. If you could give us the citation, the men working on this could refer to the whole brief.

MR. [illegible]. I am about to make a motion, and I wish these gentlemen here could hear this, so they will be in a position to object and raise various questions.

"The company alleges that the reduction of the total volume of cleaned gum, gum-turpentine, and gum-rosin * * * since it cannot be used save in some type of processed or changed or manufactured form, and the determination of quotas and the issuance of tags based upon that determination in the manner outlined in the amended license serves to perpetuate and more firmly entrench, without opportunity for change" --

I would like to emphasize that. You are attempting to set up a static condition --

"the control of the output of the industry in the hands of the present government of control and to compel purchasers of crude gum to deal with those who control the output upon the latter's terms."

Now, we are either a processor and should be treated as such, or else we are not, and we should be excluded from these regulations.

"The company alleges that the amended license serves to focus immutably upon the farmer" -- and the word "farmer" is intended to mean producer-- "the existing system and to make his interest subservient to those to whom he must sell his products."

Now, we are either different from producers and should be treated differently or we are like producers and we should not be discriminated against in the same classification. The present set-up does do that because it requires us to secure that which is our lifeblood from others of the same class and to make us hand-maidens in this industry. That is why we claim we must have an allotment and quota of our own.

One reason we have brought these matters up at this meeting is that we want to hear the opposition. We feel it. We can feel these chains being fastened. We even noticed that a motion was made that anyone coming on the control board should have to affirm that he was in sympathy with the policies of the control board. I presume he would be excommunicated and branded as a heretic if he did not, but I want to remind you that the difference of opinion on matters of policy and the flexibility in that control board is going to be its life and the absence of that is going to be its death. No man even going upon the Supreme Court of the United States is compelled to declare himself ahead of time that he will follow a certain line of decisions or that he will agree with Justice Hughes or Justice Brandeis.

No man when he goes to Congress is compelled to declare himself to favor some static and fixed and unchanged policy. These differences of opinion and these things that I am telling you here now, and which may be at the present time highly obnoxious and might cause a cynical smile to come on your face, as they are gradually incorporated into the control feature, are going to be life of the control and the stamping out of these differences of opinion, the throttling of them, and the taking of those who have them and attempting to brand them as heretics is going to be the death of control and the death of this amended license and the death of the agreement.

It is time to come to equity. It is time not to listen to Mr. Pace from Pensacola and commiserate with him. It is time to come in and say, "Mr. Pace, your situation is different and we are going to remedy it." It is very easy for you gentlemen who are fairly well set up to commiserate, it is very easy to sympathize, it is very easy to bear in the other fellow's troubles, but remember that the other fellow is a component part of the whole.

If you are going to help him, you had better help and not commiserate. you had better commence to practice equity and you had better commence to

to seek out the exceptions to your general rules and set them up in there to prepare the way so that the industry may go on under such a thing.

Now, gentlemen, I would like to move that article V of the license and marketing agreement be so amended that the secretary is authorized to give the Helio-Resin Corporation an allotment and quota in keeping with this investment and its ability to manufacture and market its product, anything therein contained to the contrary notwithstanding.

If we are to have no voice in the Control Committee, if they are merely to commiserate with us, if they are merely to sympathize with us but not help us, but to regard us as a common enemy, then lets go to the Secretary. You do not want to govern us so that we have no selection in yourselves. Let us let the Secretary deal with our situation. Surely, gentlemen, you must have some faith and trust in the Secretary. You ought to have more than we, because you are a part of the control board already. Many of you have signed these agreements that we have never signed, and none of you, I believe, have received the treatment that we have received, and yet, in an effort to save the whole situation, we have come here, as I said before, not to destroy but to attempt to work out something, and we are willing to permit ourselves to come under his hand because we do have something to do with the selection of the Secretary, believe it or not.

We will have something to do with that ultimately. Now, I believe that it would be possible for a few men, representing those who regard us as the common enemy -- by the way, I believe the gentleman must have left the room. I have looked around for him -- and ourselves and the Government, to get together out in the open, and we would work out a satisfactory scheme of things in no time, but as long as the intrigue and the treachery and the hidden things are going on, and words are used, as Talleyrand says, to disguise and not to make known, then we get nowhere at all.

I submit that to you because you are gathered here now and if you

think that is fair I shall be glad to meet with any one delegated with the authority to work out a plan that will be satisfactory to themselves and to us and to submit it to the industry, and I will bet you if any such fair thing were ever done that the industry would accept it like that, because deep down in the hearts of every man here, regardless of whatever motive he may possess in a pecuniary manner, deep down in his heart is a natural and a born-in sentiment against injustice and against oppression.

Mr. Chairman, I would like to hear criticisms of what I have put forth.

PRESIDING OFFICER COOK. Any comment in retaliation to the statement of Mr. Fant?

MR. SPEM. Mr. Chairman, the first outstanding reaction that I have of this is the continued insinuation and innuendo that there is something behind the screen, something hidden, something secretive, and that there is a conspiracy. The chairman of the committee just whispered to me, and said, "I resent that", and, as secretary of the committee, I resent it. Every possible courtesy has been shown to every member of or connection with the Nelio-Resin Corporation, to discuss their problem.

Some of the gentlemen have been before the committee several times to discuss their problem. We certainly have appreciated what they are doing, and the fact that they are probably pioneers in a new trend in the industry, but we have repeatedly pointed out to them that there is nothing in the agreement that permits us to do anything along the lines they have asked.

The agreement provides that you shall receive a quota in two ways:

First, if you have been a processor, which means if you have either bought or produced gum yourself and processed that gum, or if you be a producer of gum, you may receive a quota. The Nelio-Resin Corporation had that explained to them. I said, "If you can comply with those conditions an allotment will be made."

It would be interesting also to have put into the record just what they

considered to be fair allotment, and what proportion that allotment would bear to the total production produced by the thousands of other people engaged in this industry. They say that their life material, their lifeblood, is withheld from them. I presume that they refer to the crude gum. That is just as accessible to them as it is to any buyer of crude gum. It is purely a competitive market and set by the conditions under which that gum is accessible to you. I would like to say this, if I might say it off the record: It is rather embarrassing to me to get up and take this position, because this very thing that they are doing is something that I have advocated for years. Anything I say is not in criticism of the set-up that is being taken. In fact, let us put that into the record. It is not any criticism of the set-up being taken, but rather in the request that they make and in the manner of carrying out that step.

Gum is produced by possibly 8,000 gum producers. They market that gum. They will market it to anyone who wishes to buy it, chiefly upon competitive price conditions. However, there are certain special conditions set up, just as there are in any industry or any commodity. Various people have not sufficient funds to furnish their own cups or possibly to furnish their own dip-barrels which contain the crude gum after it has been dipped, possibly not even to go out and lease timber. Somebody furnishes the money to them. Somebody furnishes the cups, possibly. Somebody furnishes the timber or the funds for procuring a lease. In fact, some of the buyers of gum even go to the extent of providing the dip barrels and depositing them with the producer so that he may fill them. The gum buyers truck goes and picks it up and hauls it to the still.

It is all of those conditions which are set up as competitive conditions beside this. These gum sellers are people who have been living back in the various sections of Georgia, Florida, Alabama, and Mississippi, and today most of the gum buyers are people residents of those corresponding sections.

They have built up years of acquaintanceship and friendship. They naturally have a better contact. It is like an old-established grocery store in competition with a new grocery store just opened. The first few days you have to give away a stick of candy or give a special bargain or something else to get the people to come to the store. That is about the same condition that any new gum buyer would meet, if anyone was to set up a still today out in the woods to buy crude gum. He would have to go out and compete with existing gum buyers, just like the Helio-Resin Corporation will have to go out and compete, with the added advantage, however, this man might have been a resident of the district, he might have been an old-time operator. People know him. He might have known the industry, and he might have ability to make certain advantageous contracts as far as timber leases are concerned.

I maintain, gentlemen, that the source of supply is there. Now, what is the limitation of that source of supply? Volume? Yes. But it is also limited to every other gum buyer. The other source of limitation, however, is the point that is worrying them chiefly, namely, that their gum must be tagged. They do not want to go out and buy tagged gum alone. They wanted to go out and have an unlimited volume of tagged or untagged gum.

There they are asking to be set up and given special conditions and special privileges not accorded to any other gum buyer. Of course, on the very face of it would seem that would be a special privilege certainly not in keeping with all of the statements in reference to wanting fair American treatment.

As far as representation on the Control Committee is concerned, I do not know of any condition that would keep them off if they were eligible for membership. As far as the stipulation is concerned that a man must indicate his position, I certainly would differ with such a learned individual as Mr. Fant.

I am sure that any judge going into office or, in fact anybody taking public office, must swear allegiance to the Constitution of the United States.

MR. FANT. I will be glad to have your men do that, sir.

MR. SPEER. They swear also to uphold the laws of the country, of the state and of the municipality. This marketing agreement is our law. It is sent down to us, it is the law and we have to enforce and carry it out.

I believe that Mr. Fant referred several times to the difference in his commodity. I think he must admit that his raw material is the same, namely, crude gum. We can vary the character of our commodity also. Wood turpentine has certain variations in character as contrasted to gum-turpentine. Essentially it is the same. Rosin today is shipped in tank cars. There is a variation in container. They say they have a different freight rate. I do not know what their freight rate is, but it is entirely possible and altogether probable that the freight rate on their crude gum is that on rosin. I am not sure.

As far as markets for their commodity are concerned, irrespective of any other claims, they have rosin acids in solution and in a volatile material Those virgin acids may be somewhat modified. They are modified, as a matter of fact, by heat and other treatment, and so are the rosin acids originally in the crude gum. They are modified in our still. They are modified somewhat differently in a fire still to that of a steam still. They are modified differently according to the temperature to which they are subjected or the length of time subjected to distillation, and things of that kind. Basically they have a product which finds its largest market to take at least in the same field that rosin and turpentine find their markets. The turpentine which they get off is a result of the separation of the rosin just the same as our turpentine. It finds the same market in connection with synthetic camphor, furniture polishes, or in other uses. The rosin acids re-

maining are used for the same purposes. We have the same uses in the regular gum-rosin. We have the uses in the form of special paper bagging and the other uses which the regular gum rosin shows.

I do not want to be interpreted as saying that their research may not develop new markets. It is entirely possible that they may find they have a product here which will develop a market not open to gum-rosin; however, to date I do not know of any such market and I do not know if they have developed any.

Some research was made with gum and I take it that has been made Nelio-Resin although I must admit I had overlooked that research; infact, possibly because you gentlemen have said you were not in our similar class, and I just overlooked it in that way.

The interest of the Nelio-Resin Corporation is more than academic. I do not hesitate to say in the name of the Control Committee, because they did try to represent the best interests of the producers out there, in the best future market for the gum produced by a producer or processor is going to be in the central stills, let us have it, but let us not have it at the expense of this very thing we are trying to do now, namely, to rehabilitate the conditions in the industry. If there is no restraining influence put on the volume of gums produced and the volume of gum which may flow into the channels of consumption through processing by a regular turpentine still or that of the Nelio-Resin concern of that of any of the other methods, and therefore compete with the volume of turpentine and rosin which is under control, why, there is no need of any regulation at all. In other words, it will be useless to try to enforce a marketing agreement by having such a big unregulated volume of raw material in a semi-manufactured or semi-treated state enter into the same market we have under control. So, after all is said and done, there is no need of regul ting production if you do not try to make that conform with supply.

I thank you.

MR. CHER. May I ask Mr. Fant a question?

Assuming that this amendment is adopted and that the crude gum tags are sent directly to the producers of the crude gum --

MR. FANT. To the timber, you mean?

MR. CHER. No, to the producers of the crude gum instead of the processor, and distributed by him to the producer. Can you tell us then how your position differs from any other gum buyer?

MR. FANT. Except on the basis of allotment. Here is where the difference comes in. It is something I have tried to illustrate before.

We are grouped and classified here as a processor. Now, if we are processing, we claim that we should be under a different classification, but if we are, then you are going to have to adjust your set-up to arrange in order to protect our capital, our investment, and our contracts so that we will be on the same basis as the existing processors. The existing processor, even though having his timber and his allotments, has so much to himself regardless of these producers. We are limited to those areas economically adjacent to our central plant. That is another thing that must be taken into consideration.

Our position is purely this, that we are different in one respect, because they hold timber leases and we do not. They say that is why we should not receive any allotment. We say then some means must be worked out if you are going to put us in the same class as the man who does hold it, if you are going to regulate us as a class and put us on the same status.

MR. CHER. Let us take the case of the man who for the past five or six years has not owned any timber at all, a processor who has bought all of his crude gum from crude-gum producer. Under the proposed amendment he does not have any timber and he does not have any lease. He is strictly a gum buyer.

[illegible]

[illegible]. May I ask one last a question?

[illegible] Mr. Smith [illegible] I assume you have the [illegible] are well aware of the [illegible] on the [illegible] --

[illegible] Yes, [illegible]

[illegible] Smith. No, to the producers of the crude oil instead of the processor, and distributed by him to the processor. Can you tell us then how your position differs from any other gas buyer?

Mr. [illegible]. Except on the basis of allowance, here is where the difference comes in. It is something I have tried to illustrate before.

We are grouped and classified here as a processor. Now, if we are processing, we claim that we should be under a different classification, but if we are, then you are going to have to adjust your set-up to arrange in order to protect our capital, our investment, and our contracts so that we will be on the same basis as the existing processors. The existing processor, even though having his timber and his allowance, has no such to [illegible] of those producers. We are limited to those areas economically adjacent to our owned plant. That is another thing that must be taken into consideration.

Our position is purely this, that we are different in one respect. Perhaps they hold timber longer and so do not. They say that is why we should not receive any allowance. My my then some means must be worked out if you are going to put us in the same class as the man who does hold it. If you are going to [illegible] us a class and put us on the same status.

Mr. [illegible]. Let us take the case of the man who for the past five or six years has not owned any timber at all, a processor who has bought [illegible] the live stumpage [illegible]. Under the [illegible] assessment [illegible] not have any timber [illegible] to [illegible] a processor.

MR. FAIT. There are no such processors.

MR. SHER. Let us assume there are. Let us take the man who has been strictly a gum buyer and does not have any timber or leases. Under this proposed amendment he will not get any tags, but the tags will be sent to the gum seller, the people from whom he buys crude gum. They will be free to sell to him or anybody else.

Can you tell us how your proposition differs from that man under this proposed change?

MR. FOGARTY. No difference.

MR. FOGARTY. [illegible] STATEMENT OF F. L. FOGARTY

MR. COOK. [illegible] BOX 389, JACKSONVILLE, FLORIDA [illegible]

[illegible] REPRESENTING MELLO-RAGIN CORPORATION [illegible]

[illegible] (The witness was duly sworn by the Presiding Officer)

MR. PRESIDING OFFICER COOK. Give the Reporter your full name and address.

MR. FOGARTY. F. L. Fogarty. I might say to Mr. Sher that there is not so much of that. There are some cases where a man may run a commercial still and buy stuff, but there is not very much of that.

MR. Possibly you may know how much there is, but I do not think there is very much of that.

MR. PRESIDING OFFICER COOK. Could you answer, Mr. Spah?

MR. SPAH. I cannot give it exactly.

MR. FOGARTY. You do not think there is much of that, do you?

MR. SPAH. Yes. I have in mind the Peninsula Naval Stores Company as one company. If I am not mistaken, they processed about 3,000 units from bought gum alone in one year. That is just one place.

MR. FOGARTY. I think it is one place. I do not think there are very many. I have not encountered very much of that business. There are 60,000 units of this gum that is supposed to be available, but I do not think there is any appreciable amount of that done by straight commercial distillers. There

is some of it, I know, but there is not very much.

MR. SPEM. It depends upon what you mean by "very much".

MR. FOGARTY. Of course, I mean relatively. 1,500 units is much if you had it all in this room, but related to the entire group that is not much.

MR. SPEM. Of that whole 15,000 units processed from bought gum -- this is purely a guess -- I will not dignify it by saying an estimate -- fully one third of that came from people who produced entirely from bought gum; in other words, who had no operations themselves.

MR. FOGARTY. I question that.

MR. SPEM. If you have any figures, of course, that is different.

PRESIDING OFFICER COOK. Possibly such figures could be obtained for the record.

MR. SPEM. Yes.

MR. FOGARTY. I think I have the figures of most of these buyers of gum, who are also -- they are buyers; as far as I can see. I have the whole list, and I know pretty well that is the case.

MR. FANT. The thing must be limited to those producers adjacent economically to this plant.

MR. SHER. It does not make any difference if the man is a gum buyer, in so far as his gum-buying activities are concerned. He is in the same position that you are. If your position is sound, an exception should be made in your case, but would not that exception equally have to apply to the other gum buyers?

[illegible] MC 10, I know, but stamp is not very much.

Mr. SPEER. It depends upon what you mean by "very much".

Mr. TOGARTY. Of course, I mean relatively. 1,800 marks is much if you had it all in this room, but related to the average money that is not much.

Mr. [illegible]. Of that study 22,000 were processed [illegible] — [illegible] is merely a guess — I will not [illegible]. It is merely an estimate — [illegible] some idea of that came from people who produced entirely from bought [illegible] other words, who had no operations themselves.

Mr. TOGARTY. I question that.

Mr. SPEER. If you have any figures, of course, that is different.

Mr. [illegible] OVERUM COOK. Possibly such figures could be obtained for the record.

Mr. [illegible]. No.

Mr. TOGARTY. I think I have the figures of most of those bigger of [illegible], who are also — they are figures; as far as I can see. I have the whole list, and I know pretty well what is in the [illegible].

Mr. PAUL. The thing must be limited to those producers engaged [illegible] essentially in [illegible].

Mr. [illegible]. It does not [illegible] if he was in a [illegible], it is for in the [illegible] activities and [illegible]. He is in the same position that you are. If your position is sound, an exception should be made in your case, but would not that exception equally have to apply to the other [illegible].

MR. FOGARTY. I think so.

MR. FANT. I believe so.

MR. SHER. What reason is there for making an exception to gum buyers as distinguished from a person who processes what he produces himself?

MR. FANT. Simply this: If by some chance you have issued your tags to producers, on account of our location we cannot get a sufficient amount of gum to operate our plant in a manner that will not be confiscatory of the plant. That is the situation which must be adjusted. That is the situation which must be gone into in Washington, to determine exactly that very thing, namely, whether or not you have sufficient producers allotted tags to take care of this area. If you do not, then you have confiscated our property.

MR. SPEH. Might I say, I do not mean to prolong this at all, but does it not then come back to the question: Did not the Nello-Resin Corporation make a mistake in judgment either in the location of their plant or in building one plant in one location instead of at several different locations?

MR. FANT. No, sir. That was done, Mr. Speh, before the Agricultural Adjustment Act came into effect. We could always buy timber. We could always lease timber.

MR. SPEH. Then, Mr. Chairman, would you not have the same mileage haul over a given area to that single plant under the marketing agreement as you have without the marketing agree-

Mr. TRACY. I think so.

Mr. PAUL. I believe so.

Mr. BUTE. That reason is that the making in question is you believe is distinguished from a person who previously had by previous license?

Mr. PAUL. Simply this: If by some chance you were involved/voting to proceed, so element of our location we cannot get a sufficient amount of gas to operate our plant in a manner that will not be satisfactory of the plant. That is the situation which must be adjusted. That is the situation which must be gone into in analyzing, or determine exactly what very this, namely, whether or not you have sufficient producers allotted tags to take care of this area. If you do not, then you have conditional our property.

Mr. BUTE. Right I say, I do not mean to prolong this at all, but does it not then come back to the question: Did not the Delle-Oasis Corporation make a mistake in judgment either in the location of their plant or in building one plant in an location instead of at several different locations?

Mr. PAUL. No, sir. That was done, Mr. Lyon, before the Administration Commission had some this effect. We could always buy there. We could always lease there.

Mr. BUTE. Then, Mr. Chairman, would you not have the mileage test over a given area to that single plant rather than multiple agreement as you have without the controlling curve-

ment?

In other words, if you are going to extend your radius --

MR. FANT. No; it depends on where the producers are with tags. If there are no producers with tags, just to give an arbitrary sort of illustration, if there are no producers with tags in these three counties, and there are millions of them elsewhere, it is of no benefit to us, and yet there is plenty of timber around.

MR. SPEH. Those same producers have their proportion of tags over the entire belt. In every area where your plant is located the producers are in the same proportion as in some other place.

MR. FANT. Exactly so, but the plant being there, Mr. Speh, and having been established, that proportion is what is working an inequity.

MR. FOGARTY. I think the crux of the whole matter is this, from the correspondence we have had with the Department of Agriculture. The statement has been reiterated that we were in just exactly the same position as we would have been if no control existed; in other words, coming into this business as new people we necessarily would have difficulties. I frankly admit that we would have difficulties. I admit what Mr. Speh said about these local people, their being familiar with the local situation, is true. However, if no control existed we would have a remedy. Control has taken

that remedy away from us. In other words, we always could go and buy timber or buy leases and produce the gum that we needed. You have taken this away from us. This control has taken that away from us, and that is the crux of the whole question. We could take a week discussing this matter, but we would come back to that question.

If we may be permitted to do what we could do before control, we would have nothing more to say. We do not want any special treatment. We do not want any loans. We do not want anything, only the chance to function in a legitimate way without control throttling us. I say control does throttle us. I say we can only function under rules set up, and we were not consulted about those rules. We were not consulted very much about this whole thing. I talked with Mr. Newton, chairman of the committee, about this thing, and with other men. I talked to Mr. Newton especially about what we had in mind. There were some other gentlemen present. I think Mr. Wilson was there at that time. They said, "Why, that is a fine thing. We think that will be a very good thing for the industry." Do you recall that?

MR. NEWTON. Yes, I recall that.

MR. FOGARTY. I told you that I hoped nothing that was taking place would prevent this thing from coming into being and functioning. You told me that you were quite sure that nothing which happened there would prevent it. Is that right?

that remedy any from us. In other words, we always would go and by hiatus or by leaves the problem the job that is needed. You have taken this very from us. This contract has taken that very from us, and that is the base of the legal question. We could take a very elementary this matter, but we would come back to that question.

If we may be practical to do such as would be before control, we would have another note is we. We do not need any special treatment. We do not need our minds. We do not need anything, only the chance to function in a legitimate way without control interfering us. I my original idea directly be. I may on the only function under which we, and we have not determined what those rules. We have not considered very much about this whole thing. I talked with Mr. Barton, chairman of the committee, about this thing, and with other men. I talked to Dr. Barton especially about that we had in mind. There are some other questions pressed. I think Dr. Wilson has there at that time. They said, "Well, that is a fine thing. We think that will be a very good thing for the industry." Do you recall that?

Mr. BURTON. Yes, I recall that.

Mr. PARKER. I take you that I have stating that the taking place would prevent this being from making into being and functioning. You tell me you have quite now that nothing will happened there would prevent it. In that right

As I say, the point of this whole thing comes back to what I said a while ago. I think the Department of Agriculture has wanted to help us about this thing. I know on more than one occasion Mr. Ward almost gave me specific information that we were going to get some relief, to the balance of this year, and I came to the Control Committee and the Control Committee cited the law. They did the thing that Shylock did. Now, the Control Committee has not always stuck to the strict letter of the law, and I can cite you cases in which that is so.

MR. NEWTON. I guess you refer to the meeting that we attended, that was called the informal conference, last fall. I think we were sitting together, and you remarked about this problem you had in mind, and how it would affect you, and, as I remember it, I remarked to Mr. Diggs and you that you would have available all of the crude gum that would be produced under whatever quota was worked out.

MR. FOGARTY. I do not remember the details of that.

MR. NEWTON. I take it that it is your position now that insofar as your company is concerned, you have available whatever supply is allotted in turpentine. The total volume is available to the Nelio-Resin Corporation if they want it or can get it. My position is that the total volume of 450,000 units, which would be five times that of crude gum, is available to you, if you want it, as a processor. It is tagged.

As I say, the point of this whole thing comes back to what I said a while ago. I think the Department of Agriculture has wanted to help us about this thing. I know on more than one occasion Mr. Ward almost gave us specific instructions that we were going to get some relief, to the balance of this year, and I came to the Control Committee and the Control Committee acted the law. They did the thing that Ralph did. Now, the Control Committee has not always stuck to the strict letter of the law, and I can site you cases in which that is so.

MR. HUTTON. I guess you refer to the meeting that we attended, that was called the Interval conference, last fall. I think we were sitting together, and you reported about this problem you had in mind, and how it would affect you, and, as I remember it, I mentioned to Mr. Diggs and you that you could have available all of the crude gum that would be produced under whatever quota was worked out.

MR. FOGARTY. I do not remember the details of that.

MR. HUTTON. I take it that it is your position now that insofar as your country is concerned, you have available whatever supply is allotted in proportion. The total volume is available to the Veile-Hawk Corporation if they want it or you for it. My position is that the total volume of 400,000 units, which would be five times that of crude gum, is available to you, if you want it, as a processor. It is tagged.

It must be tagged, of course.

I would like to present this: Should you buy that total of 450,000 units, insofar as voting for the Control Committee is concerned, if I am not mistaken, next year you would vote that whole 450,000 units. I think that is the mechanics of the agreement. The processor votes the number of units processed the preceding year. Until a producer is brought under the license, which will not be done until after the Agricultural Act is amended, the processor votes the amount processed the preceding year; therefore, as Mr. Speh mentioned, the customer of or the Peninsula Naval Stores Company voted 3,000 and if you buy crude gum this year and process it you would vote to that extent, whatever you processed in units of bought gum. I think I am right on that.

MR. FANT. Mr. Chairman, we could stand here and argue through Thanksgiving, with this thought in mind, it is always easier to tell your employees to economize. The other fellow's crow is not quite as black as your own. You can always point out to the other fellow how he can fix up his business in a better way.

I made a statement some time ago that I believed if these gentlemen were to get their data together and let us come in with our data as to the markets we have available, and the supply that we require for those markets, our capital investment, and such information as that, with a member from

the Government present, I believe we could work out something that would result in the entire satisfaction of all concerned. I do not believe we can do that if we stand here at this meeting and they proceed to tell us how we can run our business and get wealthy and we proceed to tell them that we cannot. We cannot gain anything by indulging in that in these discussions.

Mr. Spah states that we have always been received with courtesy. I want to tell you that is true. He said that the Control Committee has always told us that they could not do anything under the license, and that is true, but what we wanted to do was to get the license situation remedied and that is why we suggest having a meeting, if they will. Let them delegate Mr. Newton to deal with us or Mr. Reese to deal with us or Mr. Wilson or someone else, and then let us get together with Mr. Ward and I will wager we will work out something that the industry as a whole would be willing to abide by and something which would be satisfactory to us. I will wager we will never do it with gentlemen who are not running our business telling us and knowing better than we how to run it, telling us how we can run it and run it and retire within a short period of time. Now, I just submit that suggestion here. I believe the difficulties can be worked out.

MR. REESE. Mr. Chairman, I have listened to this dis-

cussion this morning with a great deal of interest and I have received a great deal of enlightenment. I have heard a good deal about neleoresin, but this is the first time I have heard anything akin to a formal statement of its problems and difficulties. For my own information and for the sake of the record, I would like to have either Mr. Fant or Mr. Fogarty answer one or two questions. When did you begin business?

MR. FOGARTY. We began in 1933 in an experimental way. Of course, the thing goes back very much farther. Mr. Kline's work dates back many years.

MR. REESE. I am not talking about the work of experimentation. I mean as an actual processor.

MR. FOGARTY. Our plant was in the course of erection in the spring of 1933 and 1934. It started with the beginning of the 1934 season. The Collins plant, for which the money had been appropriated and was available, was built during the summer. It opened up, I think, on the first of October, if I am right.

MR. REESE. How many months did you operate in 1933?

MR. FOGARTY. In 1933, we ran an experimental still. We had about 200 barrels of stuff we worked on in 1933. I cannot say how many months.

MR. REESE. You did not operate as a commercial enterprise during 1933?

MR. FOGARTY. No, we did not. What we were doing was this: We had what we called a pilot plant. That is a thing that is bigger than a laboratory scale operation, but not a plant scale operation.

MR. REESE. What has been your consumption in units for this year?

MR. FOGARTY. In use?

MR. REESE. No, in units.

MR. FOGARTY. What we have done is this: We have bought all the available gum we want out of the market for about one week. We bought all the gum we could get.

MR. REESE. What I am trying to get at is how much you really need.

MR. FOGARTY. What we need and what I have applied for was 15,000 units, 75,000 barrels of gum, for the use of both of our plants. The idea about that is, probably we may not need the entire amount of that because we have been buying tagged gum and to that extent we would not need to have tags. We have bought untagged gum and I am frank to say, gentlemen, unless we are restrained by something more than has heretofore been exerted, we will be continuing to do that thing here.

MR. REESE. I am wondering if your minimum requirements would be as much as 15,000?

MR. FOGARTY. Yes; that really is our minimum requirement.

Mr. [illegible]. No, we did not. What we were doing was wrong. We had what we called a pilot plant. That is a thing that is bigger than a laboratory scale operation, but not a plant scale operation.

Mr. [illegible]. What has been your consumption in units for this year?

Mr. TOGANNY. In what?

Mr. [illegible]. We, in units.

Mr. TOGANNY. What we have done is this: We have bought all the available gum we want out of the market for about one year. We bought all the gum in [illegible].

Mr. [illegible]. What I am trying to get at is how much you really have.

Mr. TOGANNY. That's the need and what I have supplied for the 12,000 units, 75,000 barrels of gum, for the use of both of the plants. The idea about that is, probably we may not have the entire amount of that because we have been buying large gum and to that extent we would not need to have them. We have bought [illegible] gum and I am frank to say, gentlemen, unless we are restrained by something more than non-[illegible] [illegible], we will be continuing to do that during [illegible].

Mr. [illegible]. I am wondering if your minimum requirements would be as much as 17,000.

Mr. TOGANNY. Yes; that's really is our minimum requirement.

MR. REESE. You must remember that you are speaking to a processor whose production has been cut down from 1933 from 581 to a prospective 380 for 1935.

MR. FOGARTY. Mr. Reese, our board of directors gave instructions that eight of these plants should be built and I am quite sure if no control had existed in the year 1934, more than the two plants that now exist would have been built.

MR. REESE. One other question, if you please. To what extent would the 15,000 units which you desire to use in 1935 enter into non-competitive uses with turpentine and rosin?

MR. FOGARTY. I cannot answer that definitely, but there would be a considerable amount, because I am quite sure that if we were able to manufacture that amount of stuff a good deal of it would go into export where the ordinary rosin and turpentine is not available. In other words, we believe there are certain places where we would escape tariffs.

MR. REESE. Thank you.

MR. WILSON. Mr. Fant referred to the factors and I want to say, speaking for the turpentine and rosin factors, we were not in sympathy with the system which they are evolving, and I will also say that we will use our influence among all of our processors within economic reach to sell to them their crude gum to the limit of their allotment, provided the Nelic-Resin Corporation will pay those processors a price equal to or better than the value of the same gum converted into turpentine and rosin, less, of course, the cost of con-

Mr. [illegible]. You said yesterday that our country is a producer whose production has been cut down from 100% from 50% to a productivity [illegible].

Mr. POWELL. Yes. Hence, our board of directors gave instructions that plans of these plants should be built and I am quite sure if no control had existed in the year 1934, more than the two plants that now exist would have been built.

Mr. [illegible]. One other question, if you please. To what extent would the 18,000 units which you desire to see in 1938 enter into non-competitive areas with vegetables and meats?

Mr. POWELL. I cannot answer that definitely, but there would be a considerable amount, because I am quite sure that if we were able to manufacture that amount it would be a good deal of it would go into areas where the ordinary roads and transportation is not available. In other words, we believe there are certain places where we could escape tariffs.

Mr. [illegible]. Thank you.

Mr. [illegible]. Mr. Hunt referred to the feeders and I mean to say, speaking for the transportation and roads features, we were not in agreement with the system which they are employing, and I will also say that we will use our influence among all of the [illegible] within [illegible] to see that their crops are in the limit of their allotment, provided the Railroads [illegible] with [illegible] equal to or better than the rates of the Motor Transportation and rail, [illegible], or [illegible], the [illegible]

verting it.

MR. FOGARTY. I am quite sure that the problems of the Nelio-Resin Corporation could be satisfied in one day if we are willing to make a contract with the factor to take gum from the people who are his clients and pay him the $1 per barrel which profit he makes on it by handling their gum, but that is the thing we do not desire to do.

MR. FANT. Mr. Chairman, getting back to what I have so constantly iterated and reiterated, I still believe in submitting this thought to you, if this matter is not judged in the absence of everyone present, not judged in the absence of those who do not believe as we do and not judged in our absence, if those gentlemen and you, and by you I mean the Government, and ourselves, were permitted to get together, I am convinced we could work out a satisfactory plan. I am merely bringing that up again because I would like to hear an offer from the Control Committee -- this would not be an arbitration that would be binding upon you -- to delegate Mr. Newton. We have sufficient confidence in Mr. Newton. Also delegate Mr. Reese, Mr. Brogden -- in fact, nearly anyone of you gentlemen -- Mr. Wilson. Let us get a representative of the Government in there with us and work this thing out. We can work it out or you can close your minds to it. If you close your mind to it it may not benefit any of us.

MR. BENEDICT. Mr. Chairman, I will say that I am probably the star customer of Mr. Fogarty. His existence is re-

sponsible for the fact that the marketing agreement did not ruin me. This new process, in my opinion, is one of the most hopeful results of research. Now, I am speaking from the standpoint of a timber owner looking to the future. If all of its promises in reference to the ultimate use of nelio-resin come true, it will do more to increase the market, the consumption of the product of the pine tree, and so forth, than anything that has happened heretofore. So, looking into the future as a timber owner growing timber, I am intensely interested and hopeful that that can be fixed up. Speaking as a processor under the marketing agreement, I cannot help but feel that their position is just different in degree from mine. Probably Mr. Oettmeier, representing a large forest holding, is one of the heaviest sufferers from the marketing agreement. If he is able to work 150 crops on a sustained yield basis, whereas he is only working 50 among the existing processors, he is suffering more than anybody I know of.

Those timber owners who have no allotment of course suffer in degree the most.

Several years ago I started the business of establishing a gum buying still at several points. I remember Baxley was one, Waycross was another one, and Valdosta was another. That was a plan of mine. I was in exactly the same position if I would start now as the Nelio-Resin Corporation. They are suffering by reason of their investment tremendously more in

[illegible] MR. Gentlemen, I have a letter here which I would like to read into the record together with some

[illegible]

[illegible]

[illegible]

dollars and possibly degree than we are. It is just a question of degree, however. Every processor under this agreement is suffering. He has to give up something. They are giving up more than we are. All I can say is that I do hope something can be worked out so that they can continue the proof of this experiment. In ten or fifteen years, if we are going to have a production capacity in our timber of 1,000,000 barrels, or 1,500,000 barrels, it has got to be I think through some research like they have done and are doing now.

MR. FANT. If that plan of allotment is adopted, I believe that might satisfy our problem. I state this again for the benefit of the record: We offer to negotiate with the Control Committee and the gentlemen who differ with us. I would like to know also for the record whether they decline to negotiate or whether they would take up such a proposition as we have offered.

PRESIDING OFFICER COOK. We will recess now until 2:00 o'clock.

(At 12:40 o'clock p.m., a recess was taken until 2:00 o'clock p.m. of the same day.)

AFTERNOON SESSION

(The hearing was resumed at 2:00 o'clock p.m. pursuant to recess.)

PRESIDING OFFICER COOK. Gentlemen, I have a letter here which I would like to read into the record, together with some

exhibits which have been offered by Mr. Neibert, president of the Peninsular Naval Stores Company. I will read the letter and, of course, you may have the privilege, if you care to, of examining the same.

The letter is as follows:

"Jacksonville, Florida, November 26, 1934.

"Presiding Officer,

"Hearing on amendments to Marketing Agreement and License for Gum Turpentine and Gum Rosin Processors, Jacksonville, Florida.

"Dear Sir: With respect to the finding of an equitable and fair allotment basis for Gum Turpentine and Gum Rosin processors, I believe that it is very difficult, if not impossible, to devise a satisfactory plan for each processor. It seemed that the average of the productions for the four years 1930 to 1933 should have furnished the most equitable basis for the majority of processors, it is certainly for most of the customers of the Peninsular Naval Stores Company. I recognize, however, that for those processors who made smaller productions in the earlier years and were forced by their timber holdings to increase them in the later years, the four year average plan proved disadvantageous.

"When it was obvious that with the advent of a world depression after 1929 smaller crops of Naval Stores were a necessity in order to maintain prices on a level which would not fall below cost of production, we advised our customers

exhibits which have been offered by Mr. Nolbert, President of the Peninsular Metal Stores Company. I will read the letter and, of course, you may have the privilege, if you care to, of examining the same.

The letter is as follows:

"Jacksonville, Florida, November 26, 1924.

"Gentlemen:

"Referring to conversations to marketing agreements and terms for our Purposing and Gum Resin Processors.

"Jacksonville, Florida.

"Dear Sir: With respect to the finding of an equitable and fair allotment basis for Gum Turpentine and Gum Resin processors, I believe that it is very difficult, if not impossible, to devise a satisfactory plan for each processor. It seems that the average of the production for the four years 1920 to 1923 should have furnished the most equitable basis for the majority of processors. It is certainly for most of the members of the Peninsular Metal Stores Company. I recognize, however, that for those processors who made smaller productions in the earlier years and were forced by their timber holdings to increase them in the later years, the four year average plan proved disadvantageous.

"When it was decided that with the advent of a world depression after 1929 smaller crops of Naval Stores were necessary in order to maintain prices on a level which would not fall below cost of production, we advised our members

not to expand but on the contrary reduce their operations. We did this consistently during the four years of 1930 to 1933. Without going into the detail of making small adjustments incident to closing up or shifting some places, you can readily perceive this by noting that we handled -

In 1930	36,365 units
" 1931	34,255 "
" 1932	24,510 "
" 1933	25,145 "

"By the end of 1935 it was, however, evident that the places were in urgent need of rehabilitation, that is to say, letting them work again more timber. This we could not do under the terms of the Marketing Agreement. We now have a number of places which, under the proposed allotment plans, fall under 200 units, as per attached list. I contend that, with very few exceptions, a processor who owns his still, has houses for his workmen, barn, commissary, glue house, all equipment needed on a turpentine place, cannot continue his operations if his allotment falls below 200 units. I strongly feel that a processor such as I described, should be allowed to process not less than 200 units provided he has the timber and can secure the necessary financial assistance. If this relief is not accorded him, I am convinced that the economic death rate of small processors of whom there now exists a large number, will be appallingly large.

[illegible]

[illegible]

[illegible]

"I invite your serious consideration to this question and indulge the hope that you will see the necessity of embodying the provision as outlined above in the Marketing Quotas of the amended license.

Yours respectfully,

H. Weibert,

President.

W/B

State of Florida, #

County of Duval, #

I, H. Weibert, being first duly sworn, depose and say,

"That I am the party who has signed the foregoing statement and that all or any statements of fact therein contained are true to the best of my knowledge and belief.

H. Weibert,

E. H. Williams,
Notary,

Jacksonville, Florida,

Address.

Notary Public, State of Florida
at Large,
My Commission expires May 22, 1938."

There are four copies of that letter and four copies of the list of processors. The letter will be copied into the record and the letter and list attached will be marked Exhibit 4 and attached to the record.

(The document being letter dated Jacksonville, Florida, November 26, 1934, signed H. Weibert, President, Peninsular Naval Stores Company,"

as submitted by the Presiding Officer, was marked Exhibit No. 4 and is attached to this record.)

PRESIDING OFFICER COOK. Anything further you would like to add?

MR. WEIBERT. I do not think there is anything further to add.

PRESIDING OFFICER COOK. You say there is nothing that you care to add?

MR. WEIBERT. Nothing I care to add. If it falls below a production of 200 units, I will no longer be able to continue, if you consider a man who has an average of 200 units and only ships out 70 percent, 140 units. He can no longer continue. It seems to me he should be considered.

PRESIDING OFFICER COOK. Are there any questions of Mr. Weibert, either from the floor or from the bench? (No response.)

Now, is there any comment from anyone on the floor on any phase of the hearing, either in opposition to the agreement or in favor of the agreement, giving us the reason why you are opposed to or in favor of any phase of the agreement, which we have covered. Perhaps you would like to sum up on some phase of the hearing which we have not covered and would like to have us go into some particular feature that we did not go into.

MR. HADLEY. There is one item here. You will recall

that yesterday it was stated or there were amendments suggested to the conservation clause, one of those amendments being that suggested for sustained yield, providing for an increase in production allotments to those who were practicing sustained yield, not to exceed 10 percent of their production allotment. To provide for that, it was estimated that 2 percent of the total quota would be needed for that purpose. To follow through with those suggestions, it would be necessary to amend article V, which is the marketing quota article as follows:

"At the end of section 3 add:

'(d) Not to exceed 2 percent for additional allocation to processors and/or producers who own timberland being operated on a sustained yield basis in accordance with provisions under Article VII, section 3.'"

In order to make it consistent all the way through, at the end of section 4, paragraph 2, same article, same section add:

"(f) At the same time, processors and/or producers desiring additional allotments in accordance with section 3 (d) will submit application substantiated by evidence as provided for in article VII, section 3."

That just fits in with the original suggestion.

MR. SPEH. At this point I am going to ask to be excused, Mr. Chairman, but before I go, I would like to put this into

that yesterday it was voted on three such amendments opposed to the conservation scheme, one of these amendments being that designed for sustained yield, providing for an increase in production allotments to those who were producing sustained yield, not to exceed 10 percent of their production allotment. To provide for that, it was estimated that 2 percent of the total quota would be needed for that purpose. To follow through with those suggestions, it would be necessary to amend article V, which is the marketing quota article as follows:

"At the end of section 3 add:

"(d) Not to exceed 2 percent for additional allotments to producers and/or producers who are timberland being operated on a sustained yield basis in accordance with provisions under Article VII, section 3."

In order to make it consistent all the way through, at the end of section 4, paragraph 2, same article, same section add:

"(f) At the same time, producers and/or producers qualifying additional allotments in accordance with section 3 (d) will submit application substantiated by evidence as provided for in article VII, section 3."

That just fits in with the original suggestion.

Mr. [illegible]. At this point I am going to ask to be excused, Mr. Chairman, but before I go, I would like to put this into

the record. Yesterday we stated a suggested change in the definition of producer in article II, section 1, paragraph 13 of the agreement. We want to have that considered merely as a suggested form, it being understood, however, that the final definition for producer will not be in conflict with the way in which the term is used in the commodity loans.

PRESIDING OFFICER COOK. Anything from anyone else on any phase of the hearing?

MR. OETTMEIER. I would like to ask Mr. Hadley on that amendment if that takes into consideration the operator who is not working his own timber and who is working on a sustained yield basis? In other words, if an operator has an allotment and is working another man's timber, who is having his timber worked on a sustained yield basis, does that mean that that 10 percent goes to that operator?

MR. HADLEY. As the amendment for sustained yield reads, it would include only the land owning processor or producer.

MR. OETTMEIER. I think that should be included in there, namely, that it covers the operator who is working on leased property, where the owner is having his timber operated on a sustained yield basis.

PRESIDING OFFICER COOK. Yes. That is in the record.

MR. BRAUN. Mr. Reese, it was my understanding that in the brief you submitted, you tendered your analysis on the basis of those companies who had a complete four-year record.

the record. Yesterday we adopted a proposed change in the definition of producer in article II, section 1, paragraph 12 of the agreement. We want to have that considered merely as a suggested form, it being understood, however, that the final definition for producer will not be in conflict with the way in which the term is used in the commodity income stabilizing provisions generally. Anything from anyone else on any phase of the hearing?

Mr. [illegible]. I would like to ask Mr. Hadley on that amendment if that takes into consideration the operator who is not working his own timber and who is working - a sustained yield basis? In other words, if an operator has an allotment and is working somebody else's timber, who is having his timber worked on a sustained yield basis, does that mean that that lo provides for that operator?

Mr. HADLEY. As the amendment for sustained yield reads, it would include only the land owning processor or producer.

Mr. CONNALLY. I think the [illegible] should be included in there, namely, that it covers the operator who is working on leased property, where the owner is having his timber operated on a sustained yield basis.

Mr. [illegible] COOKE. Yes. That is in the record.

Mr. HUNT. Mr. Cooke, it was my understanding that in the brief you submitted, you considered your analysis on the basis of those companies who had a complete four-year records.

I mean those processors who had a complete four-year record, is that right?

MR. REESE. And where our complete four-year record tallied with the allotment for the last nine months of 1934. You must understand that the allotment for the last nine months of 1934 was 74.73, I believe it was. For convenience, we will call it 75 percent of the four-year average. Now, where our records showed a four-year average that was substantially different from 1½ times as much, to express it the other way, the 1934 allotment for the last nine months, we knew something was the matter with our record in reference to the four-year average. That might arise from various reasons. One was because the producer in question might not have shipped us all his production. Another was that under the basis of allotments made a given producer was required to separate his bought gum production from his own gum production. Let me say, please, that we had the allotment for the last nine months of 1934 from the Control Committee, so we knew they were official and we knew they were based on the four-year average as disclosed by their records, so that when our four-year average showed that the nine months allotment was substantially 75 percent of that four-year average, we knew there was something the matter with our records in connection with the four-year average. Have I made that clear?

I mean those producers who had a complete four-year record, is this right?

Mr. [illegible]: And where our complete four-year record ended with the allotment for the last nine months of 1934, you must understand that the allotment for the last nine months of 1934 was 74.7%, I believe it was. Or approximately, we will call it 75 percent of the four-year average. Now, where our record showed a four-year average that was substantially different from 1½ times as much, to express it the other way, the 1934 allotment for the last nine months, we knew something was the matter with our record in reference to the four-year average. That might arise from various reasons. One was because the producer in question might not have shipped as all his production. Another was that under the basis of allotments made, given producer was required to report to his county gin production from his own gin production. Let me say, please, that we had the allotment for the last nine months of 1934 from the Control Committee, so we knew they were official and we knew they were based on the four-year average as disclosed by their records, so that when our four-year average showed that the nine months allotment was substantially 75 percent of that four-year average, we knew there was something the matter with our records in connection with the four-year average. Have I made that clear?

MR. BRAUN: Yes, I see. I was wondering whether it would not be advisable for you to submit to us reports on those processors who are not included, so that we might set them alongside of this sample. This more or less might be interpreted as a selected sample.

MR. REESE. No; it is not selected except to eliminate those where the figures would be misleading. I will be very glad to do that, except I will have to tell you that the figures will be misleading because evidently we have not the accurate information as to the four-year average in our records and when we get the Control Committee report showing the entire figure of 2,193 processors, of course, that will include all of ours. I think it would be confusing rather than helpful, but if you want it, I will be glad to have it submitted.

MR. BRAUN. If it is going to be confusing, I think it would be advisable not to treat it.

MR. REESE. I think it would be confusing rather than helpful.

MR. BRAUN. Might I leave it this way: If we feel it would be helpful and would clarify the situation, we might call for it?

MR. REESE. I will have it furnished to you as early as possible upon request.

Mr. Smith: Yes, I see. I was wondering whether it would not be advisable for you to submit to us reports on those processors who are not included, so that we might get them alongside of this sample. This more or less might be interpreted as a selected sample.

Mr. Kumm: No; it is not selected except to eliminate those where the figures would be misleading. I will be very glad to do that, except I will have to tell you that the Finance will be misleading because evidently we have not the concrete information as to the four-year average in our records and when we get the Control Committee report showing the entire figure of 5,128 processors, of course, that will invalidate all of ours. I think it would be confusing rather than helpful, but if you want it, I will be glad to have it submitted.

Mr. Smith: If it is going to be confusing, I think it would be advisable not to treat it.

Mr. Kumm: I think it would be confusing rather than helpful.

Mr. Smith: Might I leave it this way: If we feel it would be helpful and would clarify the situation, we might call for it?

Mr. Kumm: I will have it furnished to you as early as possible upon request.

TESTIMONY OF L. H. WATERS BOX 1257, JACKSONVILLE, FLORIDA, REPRESENTING ORANGE CREEK TURPENTINE COMPANY.

(The witness was duly sworn by the presiding officer.)

MR. WATERS. Mr. Chairman, I wish to make the statement that in the sale of gum to the Nelio-Resin Corporation or any other people who might wish to buy gum in its raw state delivered here in Jacksonville, I am interested in three places that are in the vicinity of Jacksonville. I would be glad and I would rather sell my gum to them, all other things being equal, if the price were equal. I just want to make that statement so it will be in the record.

PRESIDING OFFICER COOK. Are there any questions?

MR. FOGARTY. Mr. Chairman, I would like to ask the gentleman this question: When you speak of things being equal -- I do not want to be personal -- but do you do business through a factor?

MR. WATERS. Yes, sir.

MR. FOGARTY. Do you mean to say that the factors 1½ percent and 2 percent should be protected?

MR. WATERS. That is not necessarily so. If I can get as much for my gum at the plant here, as much as I can still out of it and sell on the yards here, I would be glad to do business with you.

MR. FOGARTY. I think we can do some business.

STATEMENT OF L. H. MATHES BY LETTER,

WHITE PLAINS, NEW YORK, REPRESENTING BEAVER

DRAWN WIRE PRODUCTS COMPANY.

(The statement was duly sworn to by the presiding officer.)

Mr. MATHES. Mr. Chairman, I wish to make the statement that in the sale of guns to the Nelson-Travis Corporation or any other people who might wish to buy guns in the new state de-
livered here in Long Island, I am interested in three
places that are in the vicinity of Jamesburg. I would
be glad and I would rather sell my guns to them, all other
things being equal, if the prices were equal. I just want to
make that statement so it will be in the record.

PRESIDING OFFICER. Are there any questions?

Mr. TOBANT. Mr. Chairman, I would like to ask the
gentleman this question: When you speak of things being equal
— I do not want to be personal — but do you do business
through a factor?

Mr. MATHES. Yes, sir.

Mr. TOBANT. Do you mean to say that the factors 1%
percent and 2 percent should be protected?

Mr. MATHES. That is not necessarily so. If I can get
as much for my guns at the plant here, as much as I can sell
them for if we sell in the trade here, I would be glad to
do business with you.

Mr. TOBANT. I think we can do some business.

MR. WATERS. I visited the plant out here three times, but I have not been able to do anything so far.

MR. FOGARTY. I think we can do some business.

MR. WATERS. I hope so.

MR. FOGARTY. We realize that if the price we pay is not as much as a man can get elsewhere, that we cannot do business. May I say something about the price of gum. I do not think that is an academic question at all. It is purely a practical question. We will pay what we have to for the gum. In other words, we will pay what the market demands. If we do not pay enough, we cannot get enough gum. If we pay too much, we will get too much, the same as buying any other commodity. If all the restrictions are removed from the gum so that we have a free market for gum, our price will represent the reproduction cost -- in other words, we will pay what the market demands. That is the idea.

PRESIDING OFFICER COOK. How much did you say you produced?

MR. WATERS. We are producing upward of 800 barrels of turpentine, represented by 3 1/3 barrels of rosin.

PRESIDING OFFICER COOK. Any further questions of the witness?

MR. A. L. BROGDEN. (Sworn) I would like to ask you gentlemen a question. Mr. Waters, in offering to sell gum to the Nelio-Resin Company or any other gum buyer, do you

MR. WATTERS: I visited the plant out here three times, but I have not been able to do anything so far.

MR. MOONEY: I think we can do some business.

MR. WATTERS: I hope so.

MR. MOONEY: Do realize that if the price we pay is not as much as a man can get elsewhere, then we cannot do business. May I say something about the price of gum. I do not think that is an academic question at all. It is purely a practical question. We will pay what we have to for the gum. In other words, we will pay what the market demands. If we do not pay enough, we cannot get enough gum. If we pay too much, we will get too much, the same as buying any other commodity. If all the restrictions are removed from the gum so that we have a free market for gum, our price will represent the reproduction cost.-- in other words, we will pay what the market demands. What is the idea.

CHAIRMAN OTTOMAN COOK: How much did you say you pro-

CHAIRMAN

MR. WATTERS: We are producing upward of 800 barrels a temperature, represented by 3 1/3 barrels of rosin.

CHAIRMAN OTTOMAN COOK: Any further questions of the witness?

MR. A. L. MOONEY: (Sworn) I would like to ask you gentlemen a question. Mr. Waters, in offering to sell gum to the Hollo-Gum Company or any other gum buyer, do you

have in mind selling gum with or without tags?

MR. WATERS. You necessarily have to have tags, gum tags, represented by an equivalent of turpentine or rosin.

MR. BROGDEN. That is all I want to know.

MR. FOGARTY. I would like to ask the gentleman if I understood him to say that he had offered gum to the Nelio-Resin Corporation?

MR. WATERS. I went out to see if we could get the price that would be reasonable, the same price we could still out of it.

MR. FOGARTY. Whom did you see out there?

MR. WATERS. We saw Mr. Harris.

MR. FOGARTY. He gave you a price?

MR. WATERS. Yes, sir.

MR. FOGARTY. And the price was not what you could get out of it elsewhere?

MR. WATERS. No.

MR. FOGARTY. When was that?

MR. WATERS. The early part of the year. I think in May.

MR. FOGARTY. I will concede that we found that the price we were quoting at that time did not get any price. We raised the price a great deal after that.

MR. WATERS. Then I visited the plant later --

MR. FOGARTY. Did you not talk to me at one time?

MR. WATERS. Yes. We did not figure we could sell it

have in mind selling gas with or without tags?

Mr. WATTS. You necessarily have to have tags, gas tags, represented by an equivalent of turpentine or rosin.

Mr. TOOLEY. That is all I want to know.

Mr. FOGARTY. I would like to ask the gentleman if I understood him to say that he had offered gas to the Bolsheviki (laughter).

Mr. WATTS. I went out to see if we could get the price that would be reasonable, the same price we could sell out of it.

Mr. FOGARTY. When did you see out there?

Mr. WATTS. We saw Mr. Martin.

Mr. FOGARTY. He gave you a price?

Mr. WATTS. Yes, sir.

Mr. FOGARTY. And the price was not what you could get out of it yourself?

Mr. [illegible].

Mr. FOGARTY. When was that?

Mr. WATTS. The early part of the year. I think in May.

Mr. FOGARTY. I will concede that we found that the price we were quoting at that time did not get any price. We raised the price a great deal after that.

Mr. WATTS. Then I visited the plant later —

Mr. FOGARTY. Did you not talk to me at one time?

Mr. WATTS. Yes. He did not figure we could sell it

to you and get as much for it, therefore, we did not deliver you any.

(Witness excused.)

PRESIDING OFFICER COOK. Anything from anyone else?

MR. REESE. Mr. Chairman, first I offer to amend the substitute plan submitted that relates to the basis of allotment by incorporating section 7 of Article 5 as contained in the body of the proposed marketing agreement and the proposed amended license, I presume. I am sure it is there.

PRESIDING OFFICER COOK. I think you have already taken care of that.

MR. REESE. I was afraid I had omitted that.

Next, I offer to amend the proposed substitute plan and I am very sorry Mr. Speh is not here because perhaps on behalf of the Control Committee he might have something to say and I hope he will be given an opportunity to say something later if he wishes. I propose to amend the substitute plan by adding at an appropriate place with an appropriate section number substantially the following:

"The Control Committee shall publish on or before July 15, 1935, statement showing the disposition of the equalization supply made by the Committee up to and including June 30th. preceding. This statement shall show the name and address of each person who may have been awarded any

part of the equalization supply, the quantity awarded, his 1933 production, his allotment for the last nine months of 1934, and his allotment for the current year, together with a brief statement showing the reason prompting the committee in giving the reason to such person."

Where the same reasons apply to more than one processor, they may be stated as applying to a designated group.

"On November 1, 1935, a similar publication shall be made, showing the disposition made by the Control Committee of the equalization supply up to and including October 15, preceding.

"After the year 1935, similar statements shall be published each year at the same dates, giving the same information, except that the A of any processor receiving any award from said equalization supply shall be published instead of his production for 1933, his allotment for the last nine months of 1934 and his allotment for 1935. The publication shall be by printed pamphlet mailed under first class postage to each processor and producer, to his address as shown by the records of the Control Committee."

Mr. Chairman, the purpose of this amendment is to give protection to the Control Committee by giving express and implicit authority to make public or, rather, requiring the Committee to make public disposition made of the equalization supply.

I believe I would rather have this off the record; since

part of the equalization supply, the quantity awarded, his 1955 production, his allotment for the last nine months of 1954, and his allotment for the current year, together with a brief statement showing the reason prompting the committee in giving the reason to such person."

Where the same reasons apply to more than one processor, they may be stated as applying to a designated group.

"On November 1, 1955, a similar publication shall be made, showing the disposition made by the Control Committee of the equalization supply up to and including October 15, preceding.

"After the year 1955, similar statements shall be published each year at the same dates, giving the same information, except that the A of any processor receiving any award from said equalization supply shall be published instead of his production for 1955, his allotment for the last nine months of 1954 and his allotment for 1955. The publication shall be by printed pamphlet mailed under first class postage to each processor and producer, to his address as shown by the records of the Control Committee."

Mr. Chairman, the purpose of this amendment is to give protection to the Control Committee by giving express and implied authority to make public or, rather, requiring the Committee to make public disposition made of the equalization supply.

I believe I would rather have this off the record; since

I have been connected in an executive capacity with the Naval Stores industry, I have been rather surprised to find how many unfounded rumors and suspicions arise in it. I think the Control Committee will welcome -- I have not talked to any member of it because this was prepared during the lunch hour, but I think the Control Committee will welcome this provision to put in sole control their actions with respect to distribution of equalization supply.

PRESIDING OFFICER COOK. I believe they have offered an amendment similar to yours, unless yours is a little broader, that it be published. Did they not offer an amendment of that kind?

MR. MESSE. They proposed an amendment declaring an allotment should be published. I am just expanding on that and requiring the disposition of the equalization supply also to be published.

Now, I also offer a similar amendment to article II of the proposed new marketing agreement, and the corresponding article of the proposed amended license. The verbiage will have to be changed or it will be incorporated in the record of that.

I want to discuss, and I hope it will be briefly, some things that have occurred to me following my statement yesterday with reference to a comparison of the two bases of allotments which we have under consideration. The purpose of this is two-fold. In the first place, I want to make an

I have been engaged in an executive capacity with the Naval Petrol Industry, I have been rather surprised to find how many unfounded rumors and suspicions arise in it. I think the Control Committee will welcome -- I have not talked to any member of it because this was prepared during the lunch hour, but I think the Control Committee will welcome this provision to put in sole control their actions with respect to distribution of equalization supply.

Mr. [illegible] CHAIR: I believe they have offered an amendment similar to yours, unless yours is a little broader, that it be published. Did they not offer an amendment of that kind?

Mr. [illegible]: They proposed an amendment declaring on allowal should be published. I am just expanding on that and requiring the determination of the equalization supply also to be published.

Sen. [illegible]: I also offer a similar amendment to article IX of the proposed new marketing agreement, and the corresponding article of the proposed amended license. The verbiage will have to be changed or it will be [illegible] in the record of that.

I want it stated, and I know it will be stated, some things that have occurred to me following my statement pertaining with respect to a comparison of the two bases of allowable which we have under consideration. The purpose of mine is two-fold. In the first place, I want to make an

explanation. In the brief which I submitted to several of you gentlemen on October 31 ---

PRESIDING OFFICER COOK. That has also been offered in evidence as exhibit 2.

MR. LEESE. No, I do not think that has been offered in evidence, because I expect to file another brief after we get the information from the Control Committee upon which the brief will be made more authoritative and persuasive; at least, we will have more authoritative figures. I did submit in evidence yesterday a compilation or tabulation showing the comparative results, of 99 Downing Company customers.

I want to explain that the basis of that tabulation in calculating the percentage each processor would receive of his 1933 production under the substitute proposed was by treating the total crop of 1933 as 516,000. My basis for doing that was this statement contained _____ in an official letter sent out by the Control Committee under date of June 27, 1934, making official announcement of the allotment to each processor. The man's name was filled in, of course, in each letter. The balance of the letter was the same. It was a form letter.

I will read the second paragraph:

"Each applicant for allotment of gum turpentine and gum rosin submitted a sworn statement showing his production for each of the four years, 1930-1933. Practically all of these statements have been verified against the

factors or in some other manner. The application shows a total production for the year 1933 of 516,000 units of gum turpentine instead of 450,000 units generally expected. As it was the intention to cut the crop 10 percent for the twelve month period, this would give 464,400 units and as it was to be set for the nine month period, this would give a crop for this period of 436,536 units. This figure represents a reduction of 10 percent as compared to 1933, and a decrease of about 25 percent under the four-year average."

Mr. Chairman, I desire to submit a letter addressed to Mr. Carl F. Speh, signed by me, under date of October 18, 1934. The letter reads as follows:

"Dear Mr. Speh:

"I should much appreciate it if you would have me furnished with information giving the total production for the years 1930, 1931, 1932 and 1933, as disclosed by the information you have assembled. You gave me a part of this information over the 'phone some months ago, but at that time I do not believe your own records had been completed. I recall for instance that you stated the four-year average was approximately 488,000 units. At that time it is probable you were using 470,000 as representing the total production for 1933. Subsequently it developed that the reports you had indicated the total crop for 1933 was 516,000. I had assumed that this brought the four-year average up to approximately 500,000. But I understood chairman Newton to say yes-

factory or in some other way. The application shows a total production for the year 1952 of 618,000 units of gum turpentine instead of 45,000 units generally expected. As it was the intention to cut the crop 10 percent for the twelve month period, this would give 464,000 units and then it was to be cut for the nine month period. This would give a crop for this period of 464,556 units. This figure represents a reduction of 10 percent as compared to 1951, and a decrease of about 32 percent under the five-year average."

Mr. HARE. Gentlemen, I desire to submit a letter addressed to Mr. Carl T. Spah, signed by me, under date of October 16, 1954. The letter reads as follows:

Mr. Carl T. Spah,

Dear Mr. Spah:

I should much appreciate it if you would have me furnished with information giving the total production for the years 1950, 1951, 1952 and 1953, as disclosed by the information you have assembled. You gave us a part of this information over the phone some months ago, but at that time I do not believe your own records had been completed. I recall for instance that you stated the five-year average was approximately 600,000 units. At that time it is probable you were using 475,000 as representing the total production for 1953. Subsequently it developed that the reports you had indicated the total crop for 1953 was 618,000. I had assumed that this brought the five-year average up to approximately 500,000. But I understood Gentlemen Newton to say yes-

terday that the four-year average was approximately 550,000. If this is true, it must mean that the information you assembled showed substantial increases for 1930, 1931 and 1932 over the generally accepted figures.

"I should much appreciate it if you would get this information to me promptly.

With kind regards, I am,

Sincerely yours,

(Signed) Millard Reese."

Mr. Speh required under date of October 30, 1934, as follows:

"Dear Mr. Reese:

"I am in receipt of your letter of October 18th., and regret that due to my absence from the city, I was unable to answer your letter sooner.

"I am listing below the information requested in your letter:

Bbls. Turpentine

1930	1931	1932	1933	Average
569,147	512,995	402,867	470,525	516,017
		From bought gum	57,949	
			528,474	

Respectfully,

(Signed) C. F. Speh,

Secretary."

The purpose of calling attention to that, Mr. Chairman and gentlemen, as I have stated, is two-fold. I want to show the basis of fact that I had for treating 516,000 as the total production for 1933. The lawyers upon the committee will realize that a man who has practiced law for thirty odd years and who will make a statement of fact without ample basis for it does something that no honorable lawyer will do. Therefore, I want to show what my basis for accepting the figure of 516,000 was in this tabulation.

You may recall that Mr. Speh stated yesterday that this total production for 1933 had been a very hard thing to ascertain and was constantly changing, and that only a few days ago some additional figure had been added, but that the committee for all practical purposes -- I am not quoting him, I am giving the substance of his statement - had treated and had continued to treat 516,000 as representing the total production for 1933.

I want to call attention to this situation, that the total production for 1933 was, in fact, 528,000 plus; the total crop production ordered for 1934 was, in fact, 12 instead of 10 percent. You will see at a glance that the difference of 12,000 makes 12 plus instead of 10. Now, the total crop authorized for 1934 was 464,400. The total crop authorized for 1935, is 450,000. Now, the 450,000 is 85 percent of 528,474.

The purpose of calling attention to that, Mr. Chairman and gentlemen, as I have stated, is two-fold. I want to show the basis of fact that I had for treating 324,000 as the total production for 1952. The language upon the committee will reveal that a man who is a practical lawyer for thirty odd years and who will make a statement of fact without ample basis for it does something that no honorable lawyer will -- Therefore, I want to show what my basis for accepting the figure of 316,000 was in this tabulation.

You may recall that Mr. Spah stated yesterday that this total production for 1953 had been a very hard thing to ascertain and was constantly changing, and that only a few days ago some odd thousand figure had been added, but that the committee for all practical purposes -- I am not quoting him, I am giving the substance of his statement - had treated and had continued to treat 316,000 as representing the total production for 1952.

I want to call attention to this situation, that the total production for 1952 was, in fact, 324,000 plus; the total acre-acreage ordered for 1954 was, in fact, 12 instead of 10 percent. You will see at a glance that the difference of 12,000 makes 12 plus instead of 10. Now, the total crop authorized for 1954 was 464,400. The total crop authorized for 1952, is 450,000. Now, the 450,000 is 25 percent of 464,414.

The point I wish to make is that if the 528,474 is the actual total production for 1933, then the figures which I submitted yesterday showing what an equal reduction on the basis of 1933 production would have been to the processors were erroneous. We see already that just taking it by and large, broadly the reduction actually is 15 percent, in the event the corrected figures are 528,000. I mean the reduction for 1935. That is without regard to the reductions that have to be made before the quantity available for general distribution, as I term, can be ascertained.

Under the committee's plan, there will be deducted 9 percent of the total crop, which reduces, of course, the quantity available for general distribution by 9 percent. That means that in addition to the 15 percent reduction, which the 450,000 unit crop authorized for 1935 represents, 9 percent has to be taken off of that figure. It has occurred to me that I worked this out erroneously. I just added 9 percent to the 15 percent and, of course, that is not correct. It is 9 percent of 450,000 and 9 percent of 528,000. At any rate, the point I am reaching up to is if all processors were required to accept a uniform reduction in their 1933 production, under the committee's plan it would represent something like a 20 percent reduction of the 1933 production.

The point I wish to make is that if the 324,474 is the actual total production for 1958, then the figures which I submitted yesterday showing that an equal reduction on the basis of 1958 production would have been to the pineapple were erroneous. I see clearly that just taking it by and large, usually the variation usually is [illegible]. In the event the corrected figures are 380,000. I mean the reduction for 1958. That is without regard to the reductions that have to be made before the monthly allotment [illegible] eral distribution, as I term, can be ascertained.

Under the committee's plan, there will be deducted 9 percent of the total crop, which reduces, of course, the monthly available for general distribution by 9 percent. That means that in addition to the 15 percent reduction, which the 430,000 mark crop authorized for 1958 requirements, 9 percent has to be taken off of that figure. It has occurred to me that I worked this out erroneously. I just added 9 percent to the 15 percent and, of course, that is not correct. It is 9 percent of 430,000 and 9 percent of 324,000. At any rate, [illegible] I am reading up to is [illegible] tion is only [illegible] [illegible] the 1958 [illegible].

Expressed another way, the situation would be that the processor in 1934 would receive 80 percent approximately of his 1933 production. I wanted to bring that fact out because it seems to me to add a good deal of strength to the proposition I heard before the Committee yesterday, that in the application of this plan under ordinary conditions if any processor should receive as much as 70 percent of his 1933 production his would not be a distress case. He would be receiving within 10 percent of the reduction ordered generally in the crop and applied in the deduction of these percentages aggregating 9. So I feel that the great bulk of distress cases will be represented by those processors who received less than 70 percent of their 1933 production.

Mr. Chairman, I wonder if I have made what I have tried to say clear?

PRESIDING OFFICER COOK. I believe you have.

MR. REESE. Mr. Chairman, I want to add one other thing. I think I am altogether accurate when I say that I have no pride of opinion or pride of authorship in connection with the basis of allotment as related to the substitute plan. If changes ought to be made that would make it fairer and more workable, I will be the first to welcome those changes.

I stated yesterday that several of those with whom I had talked felt that the treatment accorded in 1934 to producers under the substitute plan was unduly liberal. During

Improved engines and, the airplane would be what the
powerhouse in 1924 would require 60 percent approximately
of his 1920 production. I wanted to bring that out to
show it seems to me to be not a good deal of attempts to the
problems I based before the Committee yesterday, that
is the application of this plan under military conditions if
any processor should require or need as 70 percent of its
1920 production his would not be a distress plan. He would
be receiving within 10 years of the commencing national pro-
ually in the corp and applied in the industry of these pro-
ductive equipment. So I feel that the real fear of
distress plans will be remedied by that provision for
received less than 70 percent of 1919 production.

Mr. Chairman, I wonder if I have more time I hate being
to say short

THE CHAIRMAN (MRS). I believe you have.

Mr. BURKE. Mr. Chairman, I want to ask one short ques-
I think I am straightest accurate that I may view I give no
guide of opinion or guide of authority in connecting with
the basis of allowance as related to the assessing plan.
If changes ought to be made that would make it better and
more workable, I will be the first to welcome those changes.

I stated yesterday that several of times with I
had talked that the treatment accorded in 1919 to pro-
ducers under the activities also (to public library). Special

the lunch hour I had a conversation with some gentlemen who are in position to know and they tell me that a large bulk of the applications of new processors for 1934 were represented by quite a small number of applications or applications for quite small quantities. When it developed that the allotment to those new producers was going to be as low as it was, the Control Committee took, perhaps, some liberty with what they thought the facts actually were and did not scrutinize as carefully otherwise would have been done, a number of these applications. As a consequence, it is felt that a number of these applicants did in fact receive as their allotment more than 44 percent plus of their capacity produced. It likewise is my understanding that the larger processors, new processors, of 1934, had to be treated on a different basis. For instance, where a new processor applied for a thousand units, which was the limit naturally, an investigation much more strict of his capacity to produce was made. I am clear myself that the Control Committee plan does not give as liberal treatment to the new processor of 1934 as that processor is entitled to. On the other hand, in view of the information that has come to me this morning, and which is a verification of what I have been told previously, I am also quite prepared to concede that it well may be that the proposal contained in the substitute plan treats the new processor of 1934 as a class too liberally, and that

it would be better to canvass that situation carefully and to reduce the basis of allocation fixed for the new processor of 1934 in the substitute plan with a view and with the understanding that where distress cases result among that class of processors from such treatment, the Control Committee in the exercise of its good and wide discretion will secure relief.

Mr. Chairman, I believe that is all.

MR. WILSON. May I ask Mr. Reese a question? I think I caught your plan. You were discussing your plan of allotment of 1934 to new processors?

MR. REESE. Yes.

MR. WILSON. And wish to modify that to some degree, if necessary?

MR. REESE. I am indicating my entire willingness to have it done.

MR. SHER. Mr. Reese, you set aside your plan, 2 percent for equalization purposes, whereas the Control Committee has recommended 5 percent. Do you think that 2 percent under your plan will be sufficient to take care of the distress cases that may arise, or is there a possibility that some larger percentage will be reached?

MR. REESE. My answer to that is, I am entirely convinced that 2 percent under my plan is actually more than 5 percent under the committee's plan. I say that for two reasons. In the first place, my plan contemplates giving the new proces-

sor of 1934 as a class more than 7,000 units more than he would receive under the committee's plan. In other words, my thought about that was that under the committee's plan, they would have to use a larger percentage, a substantial percentage of the 5 percent reserved for distress cases to take care of the new processors of 1934. You catch that point, do you not?

MR. SHER. Yes.

MR. REESE. Now, my recollection is that the figure worked out to 7200. It is stated in the brief, of which you have a copy. That is almost one-third of the 5 percent. 5 percent amounts to 22,500. So that right there, more than 1½ percent is written down from the Committee's 5 percent. Of course, you will understand that if the allotment carried by my client for the new processor of 1934 is reduced, that will be available for general distribution. In addition to that, if the position that I have taken that the great bulk of distress cases is going to fall upon the processors whose allotment for 1935 reduces their 1933 production to 70 percent or less is sound, and I firmly believe that his premise is correct, I think that three-fourths of the other distress cases that would arise under the committee's plan will not arise at all under the substitute plan.

Assuming again that the statement made of the Downing Company 99 customers is substantially a fair cross section

cor of 1954 on a plane more than 7,000 miles more than he would receive under the committee's plan. In other words, my thought about that was that under the committee's plan, they would have to use a larger percentage, a substantial percentage of the 5 percent reserved for distress cases to take care of the new processors of 1954. You catch that point, do you not?

Mr. [illegible]. Yes.

Mr. [illegible]. Now, my reservation is that the figure worked out to 8000. It is stated in the brief, of which you have a copy. That is almost one-third of the 5 percent. 5 percent amounts to 22,000. So that right there, more than 1/3 percent is written down from the Committee's 5 percent. Of course, you will understand that if the allotment earned by my client for the new processor of 1954 is reduced, that will be available for general distribution. In addition to that, if the position that I have taken that the small mill of distress cases is going to fall upon the processing class allotment for 1955 reduces their 1955 production to 70 percent or less is sound, and I firmly believe that his premise is correct, I think that three-fourths of the other distress cases that would add up under the committee's plan will not [illegible] all under the substitute plan.

Assuming again that the statement made of the growing company 50 machinery is primarily a fair cross section

of the industry, you will recall that 85 percent of them, 85 of the 99, fell within the range from 70 to 90 in 1933 production. That is my answer to your question. I believe when you make a canvass of it, you will find, as I say, that the 2 percent of the substitute plan really is more adequate than the 5 percent under the committee's plan.

Have I made that clear?

MR. SHER. Yes.

MR. REESE. Mr. Chairman, Mr. Newton has just handed me a statement showing a very interesting tabulation with respect to the new processor of 1934. It shows that there were a total number of 658 and of that number 225 or more than one-third, applied for less than 10 barrels, each. 213, another more than one-third, or representing decidedly more than two-thirds of the entire number, applied for from 11 to 25 barrels each. When you get down to the substantially new processors we find that 24 applied for 151 to 250 barrels each, 17 for 251 to 500, and five for from 501 to 1,000; making a total of 46 who applied for more than 150 units for the year and that is where the distress cases or the cases entitled to the treatment given under the substitute plan would come.

PRESIDING OFFICER COOK. Possibly we better put that in the record.

MR. REESE. Can I withdraw it and take it to the office

this afternoon?

PRESIDING OFFICER COOK. You may attach it to your brief.

MR. REESE. Mr. Chairman, before taking my seat, in what I hope is my last appearance before you, may I express on behalf of the Naval Stores industry, if I may presume to speak for all of them, our appreciation of the courteous and attentive way in which you gentlemen have listened to all of our problems and troubles. We feel sure that it is your earnest desire, as it is our earnest hope, that some fair and equitable solution will be found.

PRESIDING OFFICER COOK. On behalf of our group, we appreciate that sentiment, but, of course, you know that is our duty. We are your servants.

Does anyone else want to say a word at this hearing either for or against any of the amendments?

MR. NEWTON. Mr. Chairman, in line with Mr. Fant's suggestion this morning, who suggested that the committee appoint three or four to confer with him or Mr. Fogarty's company, may I say that after adjournment we discussed this matter with those of the committee who were here and as a fact finding committee and in line with your thought, Mr. Wilson, Mr. Reese and Mr. Speh were asked to confer with you, Mr. Fant, some time during next week, I believe Friday, if that is acceptable. I think we will try to arrange that. Mr. Reese has agreed to serve. It will be Friday of next week, not the day after tomorrow.

this afternoon?

MR. BURKE: Mr. Chairman, before taking my seat, in what I hope is my last appearance before you, may I express on behalf of the Naval Stores Industry, if I may presume to speak for all of them, our appreciation of the long hours and attentive way in which you gentlemen have listened to all of our problems and troubles. We feel sure that it is your earnest desire, as it is our earnest hope, that some fair and equitable solution will be found.

MR. BURKE: Mr. Chairman, in line with Mr. Hunt's suggestion this morning, who suggested that the committee appoint three or four to confer with him or Mr. Hogan by's company, may I ask that if that be permissible we discussed this matter with those of the committee who were here and as a fact finding committee and in line with your thought, Mr. Williams, Mr. Hogan and Mr. -- you were asked to confer with you, Mr. Hunt, some time during next week, I believe Friday, if that is acceptable. I think we will try to arrange that. Mr. Hogan has agreed to serve. It will be Friday of next week, not the day after tomorrow.

PRESIDING OFFICER COOK. That will be quite late.

MR. NEWTON. Mr. Ward wants to be present and he thinks he can arrange to be back from Chicago by that time.

PRESIDING OFFICER COOK. He is not going to Chicago.

MR. WARD. I do not have to go to Chicago.

MR. NEWTON. If this meeting can be arranged at some earlier date, all right. Mr. Reese, Mr. Wilson, Mr. Speh and Mr. Ward will be present then Friday of this week.

MR. WARD. We will make it this coming Friday morning at 10 o'clock.

MR. REESE. Mr. Chairman, having been away from my office all week, all I can say is I will do my best to be here. If I should find any emergency matter there, I will have to undertake to compose the apparent differences that may develop between Oleo-resin and our gum industry. I will be very glad to undertake that work. It is really the kind of thing I like to do. I like to compose and consolidate, rather than litigate and row. I hope to be back here Friday morning at 10 o'clock.

MR. GALLAHUE. Mr. Chairman, I would like to have an expression from the industry on the formation of a body to represent the producer class of gum producers.

MR. WARD. You mean at this meeting?

MR. GALLAHUE. Under the agreement.

the chairman.

[illegible] [illegible] [illegible]. That will be quite late.

Mr. [illegible]. Mr. Ward wants to be present and he thinks it are strange to be back from Chicago by that time.

[illegible] [illegible] [illegible]. He is not going to Chicago.

Mr. WARD. I do not have to go to Chicago.

Mr. MARTON. If this meeting can be arranged at some earlier date, all right. Mr. Rosen, Mr. Wilson, Mr. Cash and Mr. Ward will be present then Friday of this week.

Mr. WARD. We will make it this coming Friday morning at 10 o'clock.

Mr. [illegible]. Mr. Chairman, having been away from my office all week, all I can say is I will do my best to be here. If I should find any emergency matter there, I will have to undertake to compare the apparent differences that may develop between Glen-Tech and our own industry. I will be very glad to substitute that work. It is really the kind of thing I like to do. I like to compare and consolidate, rather than litigate and run. I hope to be back here Friday morning at 10 o'clock.

Mr. GALLAGHER. Mr. Chairman, I would like to have an statement from the industry on the [illegible] [illegible] [illegible] the previous also of [illegible].

Mr. [illegible]. You mean at this meeting?

Mr. GALLAGHER. [illegible] [illegible].

MR. NEWTON. Do I understand that you mean to represent them other than the Control Committee, some other committee other than the Control Committee?

MR. GALLAHUE. To confer with the Control Committee is the thought that I had in mind.

MR. NEWTON. Their volume is so small individually -- we will say 8,000 of those little gum sellers, organizing to the point of selecting someone to especially represent them would be rather difficult. In fact, they are represented through the processors to whom they sell. I really suppose they speak for them and advise with them. I think your present set-up reaches that.

MR. GALLAHUE. I realize they are represented to a certain extent by the processor, perhaps adequately, too, but there evidently is some difference of interest there as a result of the testimony that has developed here. What I would like to determine is if there is sufficient reason why the producers as a class should have representation before the Control Committee in a body duly constituted to present their specific problems as a producing group?

MR. NEWTON. I think not as a practical matter.

MR. GALLAHUE. I am looking for an expression of opinion. I would like to have you elaborate on it if you can.

MR. NEWTON. As I stated at the beginning, take 8,000 producers, and we can assume a figure of 8,000, and that

Mr. [illegible]. Do I understand you to say you do recognize this other than the control condition, some other condition other than the typical condition?

Mr. [illegible]. To which all the control condition is the thought that I put in place.

Dr. [illegible]. Then which do you most intuitively -- we will say 5,000 or some little gap we believe, separation to the point of validity where it constantly increased then would be rather difficult. In fact, can you [illegible] through the processes to show they work. I really consider they work for then not which also there. I think your proposal makes sense.

Mr. [illegible]. I realize they are experienced in a certain sense by the processes, perhaps adaptively. Yes, but there validity is some difference of [illegible] there -- a result of the testimony that the [illegible]. What I would like to determine is if there is sufficient reason why the processes as a whole would have representation from the general condition is a body fully constituted to present their reality problem as a [illegible].

Mr. [illegible]. I think our is a positive [illegible].

Mr. [illegible]. I am looking for [illegible] -- [illegible]. I would like to [illegible] -- [illegible].

Mr. [illegible]. In I looked at the testimony, have 5,000 processes, and to [illegible] a figure of 5,000, but that

8,000 selling gum in a volume of 58,000 units. It is very small for each individually. Now, they sell to the processor and we have maybe a hundred that he bought from or more during the year and the expression of this processor, I feel, reflects the position of the producer. I think he is in better position to speak for them.

MR. BENEDICT. I have a suggestion to make. Georgia produces over one half the entire production. There are nine members of the Control Committee. According to that, Georgia ought to have four and one-half members of the committee. I suggest, and this is just a suggestion, that one more member of the Control Committee be allotted to Georgia, and that that extra member be a producer, a small producer, with say under 25 units or whatever you want to make it.

MR. SHER. How would you select that representative?

MR. BENEDICT. At the present time?

MR. SHER. Yes.

MR. BENEDICT. He would be selected at the same time the other members are. At the present time, I suppose the Control Committee would have to arrange for his election.

MR. SHER. Do you mean you would have the producers vote for him?

MR. BENEDICT. Yes. I am suggesting that as a permanent proposition. Other people than I am would be more competent to decide how you would overcome the present interim.

MR. SHER: How many gum fellows do you have in Georgia? Do you know, approximately?

MR. NEWTON: About 6,000.

MR. GALLAHUE: Do you think there is sufficient reason for having a distinct producer representation on the Control Committee?

MR. BENEDICT: No. That, I think in a way is a reflection on the present committee. I think the present committee have done their darndest to take care of everybody under the present set-up. I would be the last one to say that I thought they were not trying to. But, as a safety measure, if I was a small man and knew that the industry is to be run by the big people, of whom I am not one, I would think I, as a small producer, should have representation.

MR. GALLAHUE: My question was asked with this thought in mind, and not as a reflection on the committee, understand. In all industries you have usually a producing element, then a processing element, and apparently that is also true of this to some extent, but with variations that are peculiar to the industry.

Do you think there is sufficient producer interest in the industry to require representation as such on the Control Board?

MR. BENEDICT: There is such a natural division there, and there is such a great number of individuals represented, according to the rules that we have always followed in constituting various organizations. I believe they should have such a representation.

MR. MUNN: How many gas fields do you have in Georgia? Do you know, approximately?

MR. MATTOX: About 6,000.

MR. GALLAGHER: Do you think there is sufficient reason for having a distinct producer representation on the Control Committee?

MR. MANGANET: No. That, I think in a way is a reflection on the present committee. I think the present committee have done their darndest to take care of everybody under the present set-up. I would be the last one to say that I thought they were not trying to. But, as a safety measure, if I was a small man and knew that the industry is to be run by the big people, of whom I am not one, I would think I, as a small producer, should have representation.

MR. GALLAGHER: In fairness to some of the big people, and not to a reflection on the committee, understand. In all industries you have usually a dominant element, that is generally the element that is also keen of pride in your industry, for its welfare and particular to the industry.

Do you think there is sufficient producer interest in the industry to require representation on your Control Committee?

MR. MANGANET: There is such a minor existing minority, I think is such a great number of individual producers, arguing to -- that we have almost failed in constituting various organizations. I believe that should have a representation.

MR. McCARTHY: Mr. Chairman, I wish to indorse Mr. Benedict's suggestion as to another member from Georgia, and I believe he should come from the producer class.

MR. GALLAHUE: The thought behind my question was this, that you might have a producers' committee to act in conjunction with the Control Committee in an advisory capacity.

MR. McCARTHY: I had in mind another member of the Control Committee who must come from the producing class as a regular member of the Control Committee. You could increase the personnel to ten. In other words, let him be selected from Georgia, and from the producers of Georgia.

PRESIDING OFFICER COOK: Is there anything further from anyone else?

MR. WILSON: Mr. Chairman, I feel I would like to make a short statement as an observation, just touching on something I have in mind, and I shall not feel offended if you will not permit me to take too long.

Along in July, 1933, I found myself in the position for the proponents of a marketing agreement in much the same position that Mr. Roess stated yesterday he was in for the o position, except I would not use literally the

Mr. [illegible]: Mr. Chairman, I wish to endorse Mr. [illegible]'s suggestion as to another member from Georgia, and I believe he should come from the producer class.

Mr. [illegible]: The thought behind my question was this, that you might have a producers' committee to act in conjunction with the Control Committee in an advisory capacity.

Mr. McCARTHY: I had in mind another member of the Control Committee who must come from the producing class as a regular member of the Control Committee. You could increase the personnel to ten. In other words, let him be selected from Georgia, and from the producers of Georgia.

THE ACTING CHAIRMAN: Is there anything further from anyone else?

Mr. [illegible]: Mr. Chairman, I feel I would like to make a short statement as an observation, just touching on something I have in mind, and I shall not feel offended if you will not permit me to take too long.

Along in July, 1938, I found myself in the position for the propounds of a marketing agreement in much the same position that Mr. Jones stated yesterday he was in for the o-position, except I would not use literally the

term "mouthpiece", because I could not be literally a mouthpiece, as that is not my talent, if I have any.

The question at that time was altogether as to whether or not the industry should have a marketing agreement, and there was set up the proponents and the opponents. The basis of allotment was not so much at that time the question at all.

The proponents at first started off expecting to use a prior six-year basis, and I do not remember how, but anyway a four-year basis was suggested and considered. It was felt that would be better than a six-year basis. That was adopted at the meeting of producers and operators held at Valdosta in September of that year.

There developed later two schools of thought as to the basis of allotment. There was one school which was for the four-year basis on the premise that the producers who had understress of over-production steadily reduced their production during the years 1931, 1932 and 1933, when there was no law, should be entitle to consideration in the allotment for 1934, when we were to have a law that would absolutely restrict our production.

The other proposal in reference to considering 1933, I think, was done more on the basis of local studies and the consideration of a man's expenditures as of the year before the marketing agreement went into effect.

So that it seems to me there is a clear difference of

been "controlled", because I could not be literally a month-
place, as that is not my talent, if I have any.

The question at that time was altogether as to whether
or not the industry should have a marketing agreement, and
there was not my the cooperative and the opponents. The
basis of allotment was not so much at that time the question
at all.

The proponents at first started off expecting to use a
year six-year basis, and I do not remember how, but anyway
a four-year basis was suggested and compromised. It was felt
that would be better than a six-year basis. That was adopted
at the meeting of producers and open hors held at Valdosta in
September of that year.

There developed later two schools of thought as to the
basis of allotment. There was one school which was for the
four-year basis on the premise that the producers who had
ameliorated or improved production steadily reduced their pro-
duction during the years 1931, 1932 and 1933, when there was
no law, should be entitle to consideration in the allotment
for 1934. Then we were to have a law that would absolutely
restrict our production.

The other proposal in reference to considering 1933, I
think, was done more on the basis of local studies and the
consideration of a man's expenditures as of the year before
the marketing agreement went into effect.

So that it seems to me there is a clear difference of

opinion as to the benefits to be derived under a marketing agreement. The one that makes 1933 the basis gives to the man who increased in the face of an over-production a better standing than the one who continued to decrease. Therefore, as I stated, those two schools of thought have been developed. Which is right, I do not know.

Of course, we have had one year of the four-year average. I find in looking over the list of customers prepared for me by the Control Committee of 189 as part of our Jacksonville control account, that 111 will receive a larger allotment under the A as set out in Mr. Roess' agreement than they would under the four-year average, 1930-1933. Of the 72, six will receive the same, and 72 less. I find, of course, that the 72 who will receive less are those who for one reason or another, you may call it financial pressure or maybe not altogether with a philanthropic idea reduced in 1931, 1932 and 1933. Those are the figures. The 72 who will receive lower allotments in some cases will cause them dire distress. Some of the others who will receive more are still industrious. For that reason there is one basis for distress which has not been mentioned here, and which I would like to mention and bring into the record.

The operator or producer who, after the effective date of the agreement, February 20, found himself in the position that he would have to either continue to produce what timber he had in operation or stop producing and throw away the

expenditures made for leases and so forth, carrying over into 1935 any excess which he would have arising from his smaller allotment for 1934.

The committee has already issued a number of permit tags for that sort of turpentine, particularly because it must be sent to places where it can be taken care of. I know of one processor who will have 300 units to carry over. I know of one who will have 200, and I know of several that will have 100, and quite a number 50 and 25. Some of those who will have to carry over 50 barrels will be in much more distress than possibly the ones who carry 200 or more. It is a basis for distress, it seems to me, that should be given due consideration. If that processor then cannot, under the same conditions arising for 1935, adjust his production down to enough to take care of his allotment and his surplus also, he is in distress. For that reason, I feel that the committee should have an amount set aside to take care of distress, which would be ample to take care of the ones who are in real distress.

I know that there will be lots of claims made that that kind of distress will not be borne out by facts. There is no doubt about that. But from the claims I have had before the Control Committee, I am willing to risk their judgment on it. They have been very thorough. They have gone to the bottom of the matter as far as they

expenditures made for leases and so forth, carrying over in 1933 any excess which he would have arising from his smaller allotment for 1934.

The committee has already issued a number of permits for that sort of turpentine, particularly because it must be sent to places where it can be taken care of. I know of one processor who will have 300 units to carry over. I know of one who will have 200, and I know of several that will have 100, and quite a number 50 and 75. Some of those who will have to carry over 50 barrels will be in much more distress than possibly the ones who carry 200 or more. It is a basis for distress, it seems to me, that should be given due consideration. If that processor then cannot, under the same conditions arising for 1933, adjust his production down to enough to take care of his allotment and his surplus also, he is in distress. For that reason, I feel that the committee should have an amount set aside to take care of distress, which would be ample to take care of the ones who are in real distress.

I know that there will be lots of claims made that that kind of distress will not be borne out by facts. There is no doubt about that. But from the claims I have had before the central committee, I am willing to be that mistaken in it. They are honest claims. They have gone in the business in good faith.

can, and I would therefore recommend that the amount set aside to take care of distress should be up to but not exceed 5 percent. If this is not all used in order to take care of actual distress, it might be re-allotted to the processors as a whole.

I will not take any exception to what Mr. Roess said, because he stated 2 percent under his plan would be equal to 5 percent or 4 under the other plan. That may be correct. It is possible that under the four-year plan the 5 percent would not be enough.

As I said a while ago, we have had one year of the four-year plan. I do not know whether there are inequities or unfairness. It depends on how you look at it. You may call it distress. It seems to me if the other basis of allotment is put into effect, it might be an improvement. So far as that part of it is concerned, and so far as I am concerned, I am ready to try it out, if it can be done without undue delay.

I got up here last November, and pleaded for prompt action. They asked me the question for the record: "What date would you consider would be the latest date under which this agreement can be put into effect and enforced without undue loss?"

I told them at that time December 20, that that was the latest date. I thought it should be earlier. If that

can, and I would therefore recommend that the amount set aside to take care of differences should be up to but not exceed 5 percent. If this is not all used in order to take care of actual differences, it might be re-allotted to the processors as a whole.

I will not take any exception to what Mr. Rosen said, because he stated 3 percent under his plan would be equal to 3 percent or 4 under the other plan. That may be correct. It is possible that under the four-year plan the 3 percent would not be enough.

As I said a while ago, we have had one year of the four-year plan. I do not know whether there are inequities or variances. It depends on how you look at it. You may call it differences. It seems to me if the other basis of allotment is put into effect, it might be an improvement. So far as that part of it is concerned, and so far as I am concerned, I am ready to try it out, if it can be done without undue delay.

I got up here last November, and pleaded for prompt action. They asked me the question for the record: What may well be reasonable would be the latest date under which this agreement can be put into effect and carried without undue loss?

I told them at that time December 20, that that was the latest date. I thought it should be earlier. If that

basis can be agreed upon and ratified by the proper authorities and gotten out within, oh, say, 15 days or such a matter, I think we can work under it and try it out. If it is going to cause undue delay, we better go on this year with what we have and take it up for next year.

I think Mr. Roess' plan for future allotments holds more promise possibly than for 1933. I think we will then have a basis which a man can figure to, and depend on, that will be better than the four-year average, 1930 to 1933, on account of the nature of the business and the places going out of operation. Some are getting smaller on account of scarcity of supply, such as raw material and timber. Others are increasing on account of growing timber.

I want to say again that which I should have said a while ago, at the time we were fighting for and against an agreement, those of us who were fighting for it acknowledged that the four-year plan was not perfect from any standpoint. It could not be. No plan, we felt, could be perfect, but we did invite and ask for other plans to be submitted. There were no other detailed plans submitted at all, as I remember. There were no plans, as a matter of fact, submitted. We felt that way. There were no plans submitted which we felt would be fair from our standpoint at the four-year average.

So that after a year's operation I think that the four-year average has been given a trial. We knew it was not perfect to start with. If the result of the study that the Control Committee or the tabulation that the Control Committee is making now shows the other basis, 1933 plus the 1934 allotment, to be a better basis, I am perfectly willing to try it. Of course, I can only speak for myself, but I am perfectly willing to try it. I do think by all means the committee should be given enough authority by setting aside a sum large enough in order that they may be in position to take care of these dire distress cases to take care of the situation.

Mr. Chairman, I think that is all I have to say.

MR. ROESS. Before Mr. Wilson takes his seat, I would like to call his attention to one or two things.

I think the language in the proposed substitute is much more elastic with reference to distress cases than the language in the proposed new agreement. The language in the proposed new agreement provides for the setting aside of not exceeding 5 percent for allocation to processors whose quota, by reason of existing leases, financial obligations, or like cause, is less than the amount which the Control Committee finds to be an equitable quota applicable to such processors.

The language of the substitute in that respect is 2

So that after a year's experience I think that the four-year average has been given a trial. We know it was not perfect to start with. If the result of the study that the Control Committee or the legislation that the Control Committee is voting on also, the other boats, 1003 plus the 1004 alternat, is a better boats, I am perfectly willing to try it. I suppose, I can only speak for myself, but I am perfectly willing to try it. I do think by all means the committee should be given enough authority by setting aside a sum large enough in order that they may be in position to take care of these dire distress cases to the extent of the limits.

Mr. Chairman, I think that is all I have to say.

Mr. Moses. Before Mr. Wilson takes his seat, I would like to call his attention to one of the things.

I think the language in the proposed substitute is much more elastic with reference to distress cases than the language in the proposed new agreement. The language is the proper or reasonable authority for the setting aside of not exceeding 5 percent for allocation to processors whose quota, by reason of existing leases, financial obligations, or like cause, is less than the amount which the Control Committee finds to be an equitable quota equitable in any economic.

The language of the substitute in that respect is a

percent to constitute an equalization supply, to be used to the extent that may be necessary in relieving cases of undue hardship. The provision is perfectly elastic within the discretion of the Control Committee.

MR. WILSON. I think the wording is a considerable improvement.

MR. ROMSS. I would like to call your attention to this fact: Under the substitute plan it is provided any quantity that may be gained by the committee through inability of applicants to make the respective allotment to which they otherwise would be entitled shall be added to the equalization supply. If not needed for the purpose of equalization, the Control Committee shall have the right in its discretion to distribute all or any part of the equalization supply pro rata among those entitled or to withhold all or any part thereof from distribution, thereby reducing to that extent the quantity authorized to be marketed within the year.

But the primary position is any gains made by the Control Committee shall be added to the equalization supply. If the gains that would have been made by the Control Committee this year do not represent more than five or six times as many as will be made next year, if this plan is followed, there will be a substantial quantity added to the equalization supply, because under this plan every time a

per cent to constitute an equalisation supply, to be used to the extent that may be necessary in relieving cases of undue hardship. The provision is perfectly elastic within the discretion of the Control Committee.

Commdr. WILSON. I think the wording is a considerable improvement.

Mr. SCOTT. I would like to call your attention to this fact: Under the substitute plan it is provided any quantity that may be gained by the committee through inability of applicants to make the respective allotment in value they otherwise would be entitled shall be added to the equalisation supply. If not needed for the purpose of equalisation, the Control Committee shall have the right in its discretion to distribute all or any part of the equalisation supply pro rata among those entitled or to withhold all or any part thereof from distribution, thereby reducing to that extent the quantity authorized to be marketed within the year.

But the primary provision in any quota made by the Control Committee shall be added to the equalisation supply. If the quota that could have been made by the Control Committee this year do not represent more than five or six times as many as will be made next year, if this plan is followed, there will be a substantial quantity added to the equalisation supply, course under this plan every time a

man finds he is not in position to produce the amount of his allotment, and I refer to a man to whom an allotment has been made, he is required to turn back to the Control Committee his surplus tags.

MR. WILSON. I think that is all right. I know of sales of tags made recently for about $3.00 a unit. That is all right. I think that that is better, but, at the same time, with all that edged around there, it seems to me we ought to start off with enough stated in there so that the Control Committee will not be cramped in meeting cases of actual distress because it is not to exceed a certain amount set aside, 2, 4, or 5 percent. If it is not used, it may be re-distributed to the rank and file pro rata or it may be withheld from distribution at all by the committee.

I do not know whether that is in line with the basis of the agreement or not. They cannot reduce after having set it.

MR. ROESS. That is the reason that is fixed that way, Mr. Wilson. If there should be a surplus after they relieve all cases of real distress, a thousand or fifteen hundred units, they ought not to be in the position of having to make a distribution of that small number pro rata, and they ought not to be in the position of having to find more cases of distress to relieve. That is the

[illegible] he is not in position to produce the amount of his allotment, and I refer to a man to whom an allotment had been made, he is required to turn back to the Control Committee his surplus bags.

Mr. WILSON. I think that is all right. I know of bales of bags made recently for about $3.00 a unit. That is all right. I think that that is better, but, at the same time, with all that edged around there, it seems to me we ought to start off with enough stated in there so that the Control Committee will not be cramped in meeting case of actual distress because it is not to exceed a certain fixed set aside, 3, 4, or 5 percent. If it is not used, it may be re-distributed to the rank and file pro rata or it may be withheld from distribution at all by the Committee.

I do not know whether that is in line with the basis of the agreement or not. They cannot reduce after having set it.

Mr. [illegible]. What is the reason that is fixed that way, Mr. Wilson. If there should be a surplus after they relieve all cases of real distress, a thousand or 10 thousand cases, they ought not to be in the position of having to make a distribution of that small number pro rata, and they ought not to be in the position of having to find new cases of distress to relieve. That is the

thought behind it.

MR. WILSON. Well, they would not necessarily have to find new cases of distress, because their obligation is to re-distribute. Of course, the thousand barrels would not go very far, but I presume if that is incorporated in the agreement and license, they will have the authority to do that. Under the agreement under which we are working now they cannot reduce a quota after having once set it.

MR. ROESS. That is the reason this provision is worded as it is, to get away from that. Of course, it would in fact be reducing the crop by the number not distributed.

PRESIDING OFFICER COOK. Are there any other statements or questions from anyone?

TESTIMONY OF S. J. HALL,
1407 Barnett Bldg.,
Jacksonville, Fla.
REPRESENTING FOREST MANAGERS, INC., ETC.

(The witness was duly sworn by the Presiding Officer.)

MR. HALL. Unfortunately, Mr. Chairman, I have not been able to attend these meetings except for a half-hour or so at a time, so I missed a great deal that has gone on. Unquestionably the matter I wish to take up has been covered already, but there are some things I would like to say on it that may have been overlooked or that I may be able to give a little different angle on.

There are two points that are particularly close to my

heart. One is that the land owner is at a great disadvantage under the present arrangement. I think that some means should be taken to provide a special allotment of some kind to the land owners, either the land owner producer or the land owner who wishes to lease his timber.

The second thing I am concerned about is that the time, November 1, for making application for allotment as a new processor or new producer, is too late for the average new processor and new producer. In order to put in a large operation economically it is necessary to buy the lumber cheap, get labor, use a small crew and do a good job. The best way would be to use the lumber from your own property, put in a sawmill, saw the lumber for six or seven dollars a thousand, and in putting up fifteen or twenty crops of timber you would need seventy, eighty, or a hundred thousand feet of lumber. If you get it from your own property and had time to handle your affairs in an orderly manner, you could get the lumber at an investment of ten or eleven dollars a thousand, including dumpage. If you have to go out in a hurry and do it the last minute after November 1, it may cost you eighteen to twenty dollars a thousand.

The same thing is true with labor. If you can use one crew, and get some good carpenters in and do a good

job, your labor bill will be 20 or 30 percent less. You will get a better job, and you will have less depreciation on your quarters.

New processors for 1955 have not received their allotments yet, have they?

PRESIDING OFFICER COOK. No one has.

MR. HALL. We represent several different investors on timber land. One of the principal difficulties in our business in the past has been influencing investors to buy land. Timber growing is a long process and a good deal of the revenue is in the future. You cannot point to any very large immediate returns. Recently our trouble has been in getting any assurance that an investor would be able to get any allotment at all if he did buy. The investors who have already bought were at a disadvantage because they could not get any returns on the investments that they have already made.

I think that the allotment for new processors should be made on or before the first of July of each year in order to allow time for the processor or producer to put in his camp in an economical manner, hang his tubs, do a good job and do it so that there will not be a high overhead.

PRESIDING OFFICER COOK. We have the letter that you wrote, Mr. Hall, and it has been read into the record.

job, your labor bill will be 20 or 30 percent less. You will get a better job, and you will have less day retention on your land.

Her processors for 1950 have not received their allotments yet, have they?

[illegible] OFFICER DOOR. No one has.

[illegible], MR. HILL. We represent several different investors on timber land. One of the principal difficulties in our business in the past has been influencing investors to buy land. Timber growing is a long process and a good deal of the revenue is in the future. You cannot point to any very large immediate returns. Recently our trouble has been in getting any assurance that an investor would be able to get any allotment at all if he did buy. The investors who have already bought were at a disadvantage because they could not get any relief on the investments that they have already made.

I think that the allotment for new processors should be made on or before the first of July of each year in order to allow time for the processor or producer to put his mill up in an mechanical manner, hang his tube, do a good job and do it so that there will not be a high overhead.

[illegible] OFFICER DOOR. We have the letter that you wrote, Mr. Hill, and it has been read into the record.

There was considerable comment and discussion along that very line that you have just given us at this hearing.

MR. HADLEY. May I ask a question?

PRESIDING OFFICER COOK. Yes.

MR. HADLEY. Mr. Hall, have you anything specific to suggest in the way of taking care of land owning processors or giving them any preference of any kind?

MR. HALL. In the letter I filed with the Secretary, I suggested setting aside a special allotment of 3 percent to take care of the land owner processors. That may not be adequate, but I think he should get at least 3 percent.

MR. ROESS. May I ask Mr. Hall a question?

PRESIDING OFFICER COOK. Yes.

MR. ROESS. Mr. Hall, would your purpose be served if the land owner was given a preferential call on the 3 percent already allotted to new processors or permitted to make application in the summer of 1935 for their 1936 production?

MR. HALL. Mr. Roess, I am not familiar with the number of small gum producers that would apply for an allotment under this arrangement. There may be so many of them that they would take up the entire 3 percent in July.

MR. ROESS. Just thinking out loud, I suppose it should read that the land owners having an acreage of 5,000 or more

[illegible] and discussion along that very line that you in no just gives us at this hearing.

Mr. MADDEN. May I ask a question?

Mr. [illegible] COOK. Yes.

Mr. MADDEN. Mr. Hall, have you anything specific to suggest in the way of taking care of land owning processors or giving them any preference of any kind?

Mr. HALL. In the letter I filed with the Secretary, I suggested setting aside a special allotment of 5 percent to take care of the land owner processors. That may not be adequate, but I think he should get at least 5 percent.

Mr. MADDEN. May I ask Mr. Hall a question?

Mr. [illegible] COOK. Yes.

Mr. MADDEN. Mr. Hall, would your purpose be served if the land owner was given a preferential call on the 5 percent already allotted to new processors or permitted to make application in the manner of 1955 for their 1956 production?

Mr. HALL. Mr. Chairman, I am not familiar with the number of small gin producers that would apply for an allotment under this arrangement. There may be so many of them that they would take up the entire 5 percent in 1955.

Mr. MADDEN. Just thinking out loud, I suppose it should read that the land owners having an acreage of 5,000 or more

acres. Do you think that would cover it?

MR. HALL. I think that would be a good limitation, 5,000 acres or more.

MR. ROESS. Would that comply, do you think, with what you have in mind?

MR. HALL. I think so.

PRESIDING OFFICER COOK. Anything further from any ones?

MR. HADLEY. Would that mean that of this 3 percent, or if the entire 3 percent was used up by land owning processors, there would be none left for lessee processors?

MR. ROESS. Yes.

MR. HADLEY. That would be the preferential treatment you speak of?

MR. ROESS. That is the thought I had in mind. I suggested that to the Control Committee some months ago, as I recall, as a matter entitled to consideration. I am not saying now I am committed to it, you understand. It is just a thought that has occurred to me that the land owner not now a processor, who has a substantial acreage and who, for one reason or another, desires to open up some of this timber to turpentine production, very reasonably it seems to me at this time, and I am not committing myself, might be given a preferential call on the 3 percent allotted

each year to new processors.

PRESIDING OFFICER COOK. Is there anything further?

MR. ROESS. Mr. Chairman, I understand the committee is entitled to have a tabulation from the Control Committee showing a comparison of the working of the two plans under consideration with respect to all processors. Everybody realizes the great importance of speed, no one more keenly than I, in the determination of this matter, but I think we ought to have some understanding about when that statement is to be ready, because it seems to me it would be useless to file a brief until we have the benefit of that statement.

PRESIDING OFFICER COOK. In case there is necessity shown for an extension of time, wire me or wire Mr. Ward, and he will get in touch with me and we will arrange for an extension of time, in case of my absence from the city.

MR. ROESS. Mr. Chairman, I have learned from Mr. Newton, that the statement is much nearer ready than I had supposed it was. He says it is already compiled in work sheet form so that it is just a matter of having copies made. If that is true, I imagine you can get copies out certainly by Friday to go to those who want to go through them?

MR. NEWTON. The understanding is that this committee that is working with it would be there in the office to look

each part to our discussion.

PRESIDING OFFICER GORE. Is there anything further?

Mr. JONES. Mr. Chairman, I understand the committee is entitled to have a tabulation from the Control Committee showing a comparison of the working of the two plans under consideration with respect to all processors. Everybody realizes the great importance of speed, no one more keenly than I, in the determination of this matter, but I think we ought to have some understanding about when that statement is to be ready, because it seems to me it would be useless to file a brief until we have the benefit of that statement.

PRESIDING OFFICER GORE. In case there is necessity shown for an extension of time, wire me or wire Mr. Ford, and he will get in touch with me and we will arrange for an extension of time, in case of my absence from the city.

Mr. JONES. Mr. Chairman, I was interested to hear, that the statement is much nearer ready than I had supposed it was. He says it is already compiled in most about four so that it is just a matter of typing copies made. If that is true, I imagine you can get copies out certainly by trying to get to those who want to go through it.

Mr. GORE. The understanding is that this committee that is working with it could — there is the office to look

over the figures, because we find that every time we go into a discussion of it some question is asked, "Well, how does that affect the matter from this standpoint?" And you have to go back and re-figure the whole proposition. Right at this time we are calculating to see how those 502 are adversely affected. There are 502 who suffered under your plan, where 1,500 gained under the other one. Now, we are analyzing that and in every discussion we have had of these figures and in every consideration of these figures a new question is asked, which means a complete analysis of the whole thing all over again. We are anxious that those who are going to study these figures come to the office and study them so that they may avail themselves of all the facts necessary. Just one set-up may not give the answer you want on a certain proposition. I think with what we are doing and with the various analyses which we are making, we have all that is needed to reach a satisfactory conclusion.

MR. ROESS. All right.

MR. NEWTON. Mr. Chairman, before closing, may I, on behalf of the Control Committee, express our appreciation for the courtesies you have extended to us.

PRESIDING OFFICER COOK. You mean the entire Board?

MR. NEWTON. Yes.

over the figures, because we find that every time we go into a discussion of it some question is asked, "Well, how does that affect the number from this state point?" and you have to go back and re-figure the whole proposition. Right at this time we are calculating to see how these 300 are actually affected. There are 300 who suffered under your plan, where 1,000 gained under the other one. Now, we are analyzing that and in every discussion we have had of these figures and in every consideration of these figures a new question is asked, which means a complete analysis of the whole thing all over again. We are anxious that those who are going to study these figures come to the office and study them so that they may avail themselves of all the facts necessary. Just one set-up may not give the answer you want on a certain proposition. I think with what we are doing and with the various analyses which we are making, we have all that is needed to reach a satisfactory conclusion.

Mr. [illegible]. All right.

Mr. MARTIN. Mr. Chairman, before closing, may I, on behalf of the national committee, express our appreciation for the courtesies you have extended to us.

Mr. [illegible] OVERTON COOK. You mean the entire Board?

Mr. [illegible]. Yes.

PRESIDING OFFICER COOK. We appreciate, you may be sure, your sentiments.

If there is nothing further, the hearing is closed.

(Whereupon, at 4:00 o'clock p. m., the hearing was closed.)

CERTIFICATE OF
PRESIDING OFFICER

PROPOSED MARKETING AGREEMENT FOR GUM-TURPENTINE and GUM-ROSIN PROCESSORS.	BEFORE THE SECRETARY OF AGRICULTURE

I, _____, having heretofore been duly designated by the Secretary of Agriculture as Presiding Officer for the hearing, as aforesaid, do hereby certify:

1. That the foregoing is a complete, correct, and true stenographic report of all the evidence given at such hearing (with the following corrections noted):

2. That all of the exhibits which were offered or received in evidence at said hearing are physically attached to this stenographic report.

_____
PRESIDING OFFICER

DATED this_____day

of , 1934

PROPOSED MARKETING AGREEMENT FOR GUM-TURPENTINE AND GUM-ROSIN PROCESSORS.	*	BEFORE THE SECRETARY OF AGRICULTURE Docket No. MA 250 L. 28

I, DANIEL W. ROSS, the Official Reporter in the above-entitled case, hereby certify that the transcript of testimony, transcribed from stenographic notes taken at the hearing in the above-entitled case, is a true and correct report of all the testimony and evidence offered and received at the hearing in the above case.

/s/ Daniel W. Ross
OFFICIAL REPORTER.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
GENERAL CROPS SECTION

SOME ECONOMIC FACTS RELATING TO THE GUM TURPENTINE AND GUM ROSIN INDUSTRY IN THE UNITED STATES

Submitted by:

E. W. Braun,
Senior Agricultural Economist

S. R. Smith,
Associate Agricultural Economist
General Crops Section

November 24, 1934.

SOME ECONOMIC FACTS RELATING TO THE GUM TURPENTINE AND GUM ROSIN INDUSTRY IN THE UNITED STATES

Location and Relative Importance of Producing Areas

The gum turpentine and gum rosin industry consists in the distillation of the semi-fluid exudation from certain species of living pine trees. This exudation is commonly known by such names as crude gum, crude turpentine, and dip. Relatively small quantities of turpentine and rosin are obtained from pine wood by steam and solvent extraction and by destruction distillation; and establishments engaged in the production of turpentine, or of both turpentine and rosin, by such methods are usually referred to as belonging to the wood-distillation industry.

During the past five seasons, 1929-30 to 1933-34 an average of 87.6 per cent of the turpentine produced in the United States and 82 per cent of the rosin originated from gum. Eight states, Alabama, Florida, Georgia, Mississippi, North and South Carolina, Louisiana and Texas produce all the gum turpentine and gum rosin in the United States. Georgia and Florida, however, are by far the most important producing states. From 1929-30 to 1931-32 these two states produced 51 per cent and 31.7 per cent respectively of the United States total production of turpentire and rosin derived from crude gum. Production of gum turpentine and gum resin is shown by states in table I.

Prices and total Returns Received by Producers.

The total returns received by producers for both gum turpentine and gum rosin averaged $17,823,000 for the three years 1931-32 to 1933-34 as compared to $33,673,000 for 1928-29 to 1930-31 and $56,086,000 during 1925-26 to 1927-28. In other words, the total value for the three most recent seasons declined 54 per cent from the 1928-29 to 1930-31 period and 68 per

[illegible] RELATION TO THE GUM TURPENTINE AND GUM ROSIN INDUSTRY IN THE UNITED STATES

Location and Relative Importance of Operations [illegible]

The gum turpentine and gum rosin industry consists in the distillation of the semi-fluid exudation from certain species of living pine trees. This exudation is commonly known by such names as crude gum, crude turpentine, and dip. Relatively small quantities of turpentine and rosin are obtained from pine wood by steam and solvent extraction and by destructive distillation; the co-distillate obtained in the production of turpentine, or of tall oil, turpentine and rosin, by such methods are usually referred to as belonging to the wood-distillation industry.

During the past five seasons, 1928-29 to 1932-33 an average of 97.4 per cent of the turpentine produced in the United States and 92 per cent of the rosin originated from gum. Eight states, Alabama, Florida, Georgia, Mississippi, North and South Carolina, Louisiana and Texas produce all the gum turpentine and gum rosin in the United States. Georgia and Florida, however, are by far the most important producing states. From 1928-29 to 1931-32 these two states produced 81 per cent and 83.7 per cent respectively of the United States total production of turpentine and rosin derived from crude gum. Production of gum turpentine and gum rosin is shown by states in table 1.

Items and Total Income Received by Producers

The total returns received by producers for both gum turpentine and gum rosin averaged $17,000,000 for the three years 1931-32 to 1933-34 as compared to $38,870,000 for 1928-29 to 1930-31 and $64,000,000 during 1920-21 to 1927-28. In other words, the total value of the three gum items received averaged 34 per cent less for 1931-32 to 1933-34 period and 74 per

Table I

Production of Gum Turpentine and Gum Rosin, by States, for Season Beginning April 1, 1929-30 to 1931-32.

State	Average of Three Seasons		1931-32 Season	
	Barrels /1	Per cent of Total	Barrels /1	Per cent of Total
	1	2	3	4
	1000 bbls.	per cent	1000 bbls.	per cent
Alabama	155	6.4	152	7.4
Florida	766	31.7	674	32.8
Georgia	1,231	51.0	1,050	51.0
Mississippi	83	3.4	54	2.6
North and South Carolina	99	4.1	78	3.8
Louisiana and Texas	82	3.4	50	2.4
U. S. Total	2,415	100.0	2,058	100.0

/1. Total production of rosin in barrels of 500 pounds gross weight and turpentine in barrels of 50 gallons.

Source of data: 1929-30, 1931-32, U. S. Dept. of Commerce, Bur. of Census, Census of Manufacture; 1931, Turpentine and Rosin, p. 4, 1933. 1930-31, U. S. D. A., Bur. Chemistry and Soils, Naval Stores Statistics for season 1930-31. mimeographed report p. 2.

cent from the 1925-26 to 1927-28 period. In 1932-33, producers received $13,705,000 which was only 24 per cent of what they received on an average during the 1925-26 to 1927-28 seasons. The total returns on gum rosin have declined much more than on gum turpentine. During the three years 1925-26 to 1927-28 gum producers received an average of $34,224,000 per year for rosin, $24,093,000 during 1928-29 to 1930-31, and only $8,420,000 during the period 1931-32 to 1933-34, the latter average total returns being 25 percent and 35 per cent respectively of the averages for the two preceding three year periods. In the case of gum turpentine, total returns received by producers averaged $9,342,000 for the three seasons 1931-32 to 1933-34 as compared to $14,580,000 for the preceding three years and $21,863,000 for the seasons 1925-26 to 1927-28 the former being 42 per cent and 64 per cent respectively of the returns received during the two earlier periods. Prices and total returns received by producers of gum turpentine and gum rosin are given in table II for the years 1921-22 to 1933-34.

The drastic decline in total returns received by gum producers took place as a result of the marked decline in turpentine and rosin prices occasioned by failure of the industry to make appropriate adjustments in the supplies available for sale to changed demand conditions. For, the decline in industrial production, business activity, and construction work have been directly reflected in the prices for turpentine and rosin.

The marked price decline not only greatly reduced the income of the producers, and consequently their purchasing power, but also resulted in increased unemployment. According to the United States Bureau of the Census, Census of Manufactures, there were 1,183 producers employing 40,157 wage earners engaged in the production of gum turpentine and gum rosin during the 1929-30 season. By 1931-32, the most recent data for which data are available the number of producers had declined to 953 and the number of their employees

were free for 1940-41 to 1947-48 period. In 1948-49, producers received $12,400,000 which was only 32 per cent of what they received on an average during the 1940-49 to 1947-48 seasons. The total returns on gum crops have declined much more than on gum tragacanth. During the three years 1948-49 to 1947-48 gum producers received an average of $14,000,000 for gum for years, 1944,000,000 during 1950-51 to 1954-51, and only $1,000,000 during the period 1951-52 to 1953-54. The latest average total returns being 38 percent and 58 per cent respectively of the averages for the two preceding three year periods. In the case of gum tragacanth, total returns received by producers averaged $9,248,000 for the three seasons 1948-49 to 1950-51 as compared to $14,800,000 for the preceding three years and $21,883,000 for the seasons 1951-52 to 1947-48. The latest data is per year not as favorable particularly at the farmers receipts during the war years. Prices and total returns received by producers of gum tragacanth and gum karaya are given in table 12 for the years 1950-51 to 1953-54.

The drastic decline in total returns received by gum producers has been as a result of the marked decline in tragacanth and karaya prices occasioned by failure of the industry to make appropriate adjustments in the supplies available for sale to fluctuating demand conditions. Now, the decline in industrial production, business activity, and consumption mark have been directly reflected in the prices for tragacanth and karaya.

The market price decline not only greatly reduced the income of the producers, and accordingly their purchasing power, but also resulted in increased unemployment. According to the United States Census of the Census of Unemployment, there were 1,182 producers employing 4,127 were earners engaged in the production of gum tragacanth and gum karaya during the 1950-51 season. By 1951-52, the last year data for which are available the number of producers had declined to 920 and the number of their employees

Year Beginning April 1.	Turpentine: Price per 50 gallon bbl. Received by Producer at Still /1	Turpentine: Total Production	Turpentine: Total Returns to Producers	Rosin: Price per 500 lb. gross bbl. Received by Producer at still /1	Rosin: Total Production	Rosin: Total Returns to Producers	Total Returns for Turpentine and Rosin.
	1	2	3	4	5	6	7
	dollars	1,000 bbls.	1,000 dollars	dollars	1,000 bbls.	1,000 dollars	1,000 dollars
1921-22	28.74	560	16,094	6.10	1,906	11,627	27,721
1922-23	54.28	514	27,900	8.15	1,772	14,442	42,342
1923-24	38.24	624	23,862	7.29	2,053	14,966	38,828
1924-25	38.96	599	23,337	8.57	1,973	16,909	40,246
1925-26	45.33	548	24,841	17.75	1,811	32,145	56,986
1926-27	39.32	585	23,002	19.97	1,949	38,922	61,924
1927-28	24.51	724	17,745	13.29	2,378	31,604	49,349
1928-29	23.37	642	15,004	12.95	2,133	27,622	42,626
1929-30	22.45	719	16,142	11.38	2,266	27,147	43,289
1930-31	18.33	687	12,593	7.69	2,277	17,510	30,103
1931-32	17.43	573	9,987	5.19	1,909	9,908	19,895
1932-33	17.65	447	7,890	3.90	1,491	5,815	13,705
1933-34	19.67	516	10,150	5.65	1,720	9,718	19,868

/1. Price to producer on sale of his product after freights, commissions, inspection fees and other port charges are deducted; consequently above prices differ from those shown for turpentine and rosin in tables V and VI, respectively.

Sources of data: Columns 1 and 4, 1921-22 through 1933-34, Naval Stores Review and Journal of Trade, 44:1:6, April, 1934. A compilation of the Carson Naval Stores Co., of Savannah, Ga., and Jacksonville, Fla.
Column 2, same as column 2, table.
Column 3, Column 2 times column 1.
Column 5, same as column 2, table.
Column 6, Column 5 times column 4.
Column 7, column 3 plus column 6.

Year	Investing			Spent			
Beginning April 1.	Price per bu. gallon sold. Received by Producers of Grain (1)	Total Production	Total Consumption	Total Value of Production at Producers' Prices	Total Expenditure for Manufacture	Total Income for Producers and Dealers
	1	2	3	4	5	6
	dollars	1,000 bus.	1,000 gallons	dollars	1,000 dollars	1,000 dollars
1911-12	46.74	650	14,194	4.10	7,800	11,007	18,811
1912-13	54.38	814	17,900	5.49	1,173	14,443	15,616
1913-14	61.85	464	14,341	7.39	3,428	14,844	18,272
1914-15	54.84	390	13,387	6.57	1,979	14,038	15,017
1915-16	45.38	540	14,441	17.73	1,411	14,143	15,554
1916-17	39.36	558	15,458	12.07	1,340	18,802	21,142
1917-18	44.21	774	17,722	13.54	2,272	18,078	20,350
1918-19	48.37	845	18,104	14.83	1,152	17,088	18,240
1919-20	72.42	719	17,163	11.39	2,441	17,147	19,588
1920-21	13.32	447	13,253	7.24	2,177	17,310	19,487
1921-22	17.23	583	9,848	2.34	1,888	6,488	8,376
1922-23	17.45	567	1,146	2.22	2,227	4,118	6,345
1923-24	17.47	434	10,140	2.38	1,488	8,738	10,226

(1) Price is computed on basis of all grades after deducting, approximately, insurance, freight, and other costs incurred in marketing corn from farm. Since these costs vary from year to year, the relationship between prices shown here and those appearing in table 1 may be different.

Sources of data: Columns 1 and 2, 1911-12 through 1923-24, Yearbook of the United States Department of Agriculture, 1924, p. 464. Column 3, compilation of the Corn Products Refining Co., of Chicago, Ill., and Indianapolis, Ind.
Column 4, same as column 2, table 1.
Column 5, column 1 times column 2.
Column 6, same as column 3, table 1.
Column 7, column 3 times column 4.
Column 8, column 5 plus column 6.

to 28,257. The total expenditure on the part of producers for wages as between the two seasons declined from $15,036,175 to $7,280,389, or a reduction of 44 per cent as compared to a reduction of 50 per cent in the number of wage earners.

From the foregoing facts it is evident that conditions which affect the turpentine and rosin industry are of major importance in influencing the economic status not only of the producers but of all those individuals who are wholly or in part dependent on the activity in the industry for their economic well-being. This is particularly significant in view of the fact that it was impossible for turpentine and rosin producers acting individually to bring about an equitable reduction in the market supply to correspond with the decline in demand and thus offset at least in part the impact of the forces acting to depress prices and returns to producers. Full cooperation of all members of the industry was essential to such an adjustment. A marketing agreement accompanied by a license issued by the Secretary of Agriculture provides a means for accomplishing such adjustment.

Parity Prices of Turpentine and Rosin.

The Declaration of Policy of the Agricultural Adjustment Act declares it to be the policy of Congress "to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefore, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period" (August 1909-July 1914), and, "to approach such equality of purchasing power by gradual correction of the present equalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets." The parity price of an agricultural commodity for any given period of time is such a price as will

to 50,000. The total expenditure on the part of producers for labor between the two measures declined from 48,000,000 to 1,000,000, or a reduction of 44 per cent as compared to a reduction of 50 per cent in the number of wage-earners.

From the foregoing facts it is evident that notwithstanding which of that the relaxation and rules industry was of major importance in inflicting the economic misery and duty of the government for of all other causes combined was not really at its peak because in the activity in the industry for their economic well-being. This is particularly significant in view of the fact that it was impossible for territories not made prohibiting activities to bring about an equitable reduction in the number employed to correspond with the decline in demand as high effect is lost in part the impact of the tariff acting to depress prices and reduce it additional full employment of all members of the industry was necessary to keep the industry. A marketing agreement consisting of a limited number of producers limited a number for successfully maintaining prices.

Basic Points of Difference and Agreement.

The industries at fault of the agricultural situation and business is to be the policy of factors "in outside and economic and external the production and marketing of agricultural commodities, and not marketing conditions therefore, as all Australians return of farmers of a level that all give economical commodities [illegible] the [illegible] to article that farmers are activated in the marketing order of [illegible] commodities in the long period" (Report Inc-Ill 1941). and, in reference such equality of production point in crucial conditions of the farmers equally this stands at marginal a year or a period marginal in view of the farmers competitive demand in domestic and foreign markets." The basic view is an agricultural commodity for any given period of time is such a price as will

give that commodity the purchasing power it had during the base period. The parity price of gum turpentine and gum rosin for any given season is obtained by a purely mathematical computation, that is: by multiplying the average farm price during the base period (August 1909-July 1914) by the index of prices paid by farmers for things they buy. The index of articles purchased by farmers is 100 for the base period, and for any other period of time it is higher or lower than 100 by the percentage which the cost of articles purchased by farmers during the given period is higher or lower than the average cost of such articles during the base period.

During recent years the prices of both gum turpentine and gum rosin have been considerably below pre-war parity, as defined in the Agricultural Adjustment Act. On the basis of the data now available, the weighted average price per 50 gallon barrel of gum turpentine received by producers at the still for the period August 1909 to July 1914 was $22.92. The average price per 50 gallon barrel of gum turpentine at the still during the 1930-31 season was $12.33, or only 36 per cent of parity. During the three succeeding seasons, the prices received by producers increased relative to parity, averaging 77 per cent of parity for the 1933-34 season. However, by August 1934 the actual price received by producers was $19.41 a barrel but only 64 per cent of parity owing to the increase in the prices paid by farmers. Details relating to the purchasing power parity of turpentine prices received by producers at the still are shown in Part I of table III for a number of years.

Considering the data now available, the weighted average price per 500 pound gross weight barrel of gum rosin received by producers at the still was $8.46 during the base period. In 1932-33, producers received $3.90 per barrel, or only 49 per cent of parity. During the 1933-34 season, they received an average price per barrel of $5.65 which was 63 per cent of parity.

give that commodity the purchasing power it had during the base period. The parity price of gum turpentine and gum rosin for any given season is obtained by a purely mathematical computation, that is: by multiplying the average farm price during the base period (August 1909-July 1914) by the index of prices paid by farmers for things they buy. The index of articles purchased by farmers is 100 for the base period, and for any other period of time it is higher or lower than 100 by the percentage which the cost of articles purchased by farmers during the given period is higher or lower than the average cost of such articles during the base period.

During recent years the prices of both gum turpentine and gum rosin have been considerably below pre-war parity, as defined in the Agricultural Adjustment Act. On the basis of the data now available, the weighted average price per 50 gallon barrel of gum turpentine received by producers at the still for the period August 1909 to July 1914 was $32.05. The average price per 50 gallon barrel of gum turpentine at the still during the 1930-31 season was $10.88, or only 34 per cent of parity. During the three succeeding seasons, the prices received by producers increased relative to parity, averaging 77 per cent of parity for the 1933-34 season. However, by August 1934 the actual price received by producers was $19.41 a barrel but only 64 per cent of parity owing to the increase in the prices paid by farmers. Details relating to the purchasing power parity of turpentine prices received by producers at the still are shown in Part I of table III for a number of years.

Considering the data now available, the weighted average price per 300 pound gross weight barrel of gum rosin received by producers at the still was $5.46 during the base period. In 1930-31, producers received $2.00 per barrel, or only 48 per cent of parity. During the 1933-34 season, they received an average price per barrel of $3.00 which was 55 per cent of parity.

Table III

Purchasing Power Parity of Gum Turpentine Prices

PART I BASED ON SEASON AVERAGE PRICES RECEIVED BY PRODUCERS AT THE STILL.

Year ginning pril 1	Season Average Price per 50 gal. bbl. Received by Producers at Stills/1	Index of Prices paid by Farmers.	Parity Price	Price at Still Above or Below Parity Price	Price at Still as a Per cent of Parity Price.
	1	2	3	4	5
	dollars	per cent	dollars	dollars	per cent
9-10 to 3-14 Average	22.92	100	22.92	--	100
9-30	22.45	153	35.07	-12.62	64
0-31	18.33	142	32.55	-14.22	56
1-32	17.43	121	27.73	-10.30	63
2-33	17.65	105	24.07	- 6.42	73
3-34	19.67	112	25.67	- 6.00	77
st, 1934	19.41	125	28.65	- 9.24	68

Average price per 50 gallon barrel, after freights, commissions, inspection fees and other port charges are deducted.

PART II BASED ON SEASON AVERAGE PRICES AT THE SAVANNAH MARKET

Year ginning pril 1.	Season Average Price per 50 gallon Barrel at Savannah/1	Index of Prices paid by Farmers.	Parity Price	Market Price Above or Below Parity Price	Market Price as a Per cent of Parity.
	1	2	3	4	5
	dollars	per cent	dollars	dollars	per cent
rage, 1909-to 1913-14	25.60	100	25.60	----	100
9-30	24.20	153	39.17	- 14.97	62
0-31	19.65	142	36.35	- 16.70	54
1-32	19.95	121	30.98	- 11.03	64
2-33	19.20	105	26.88	- 7.68	71
3-34	18.05	112	28.67	- 6.62	77
st, 1934	20.95	125	32.00	- 11.05	65

Weighted average annual prices. Monthly prices weighted by monthly receipts of turpentine at Savannah, Jacksonville, and Pensacola, monthly prices are simple averages of Saturday closing prices per gallon, converted to prices per barrel of 50 gallons.

rces of data: See following page.

TABLE III

Relating Power Parity of Gas Purchase Prices

PART I. BASIS OF SELECTING STANDARD-GALLON PRICE-INDEX OF PURCHASING AT THE PUMPS.

Gasoline Average Price per 50 gal. bought by Tennessee at retail, in dollars	Index of Prices paid by Tennessee.	Parity Prices	Price at Parity Prices	Price at Still as a Per cent of Parity Price
1	2	3	4	5
dollars	per ent	dollars	dollars	per cent
1924 to 1929 average 23.95	100	23.95	—	100
1930 22.00	125	29.97	-16.97	84
1931 19.25	141	33.88	-14.88	78
1932 17.40	143	37.72	-10.32	63
1933 17.60	138	34.07	- 8.47	73
1934 19.07	132	31.57	- 6.50	77
1934 19.41	130	31.00	- 5.34	80

Average price per 50 gallon barrel, after freights, commissions, inspection fees and other port charges are deducted.

PART II. BASIS OF SELECTING STANDARD-GALLON PRICE-INDEX AT THE NAVAMAW MARKET

Gasoline Average Price per 50 gallon barrel at Navamaw	Index of Prices paid by Tennessee.	Parity Prices	Market Price at Navamaw Above or Below Parity Price	Market Price as a Per cent of Parity.
1	2	3	4	5
dollars	per ent	dollars	dollars	per ent
1924-1929 average 20.84	100	23.95	----	104
1930 24.80	125	29.97	- 14.97	82
1931 19.00	142	34.03	- 14.70	84
1932 19.50	141	33.71	- 11.71	83
1933 18.30	132	31.60	- 7.60	91
1934 18.00	132	31.57	- 6.56	97
1934 20.24	130	31.00	- 11.07	65

Gulf service station prices. Monthly prices weighted by monthly receipts of Navamaw at Jacksonville, Fernandina, and Pensacola, monthly prices are simple means of daily quoted posted prices per gallon, converted to prices per barrel of 50 gallons.

Of 1931: Use Cultivator page.

Table III (con't)

Sources of data to Part I:

Column 1, 1909-10 to 1913-14, weighted average, Prices, Gamble's International Naval Stores Yearbook for 1929-30, page 20. Weights, production; Gambles' International Naval Stores Yearbook for 1932-33. Table inserted between pages 56 and 57. 1929-30 to 1933-34, Naval Stores Review and Journal of Trade, 44;1;11, April 7, 1934.

Column 2, U. S. Dept. Agr., Bur. Agr. Econ., Index of Prices Received by Farmers for Farm Products 1910-1934, as revised 1934. Washington, D. C., September 1934, p. 59.

Column 3, column 2 times the average price in the base period given in column 1.

Column 4, column 1 minus column 3.

Column 5, column 1 as a per cent of column 3.

Sources of data to Part II:

Column 1, 1909-10 to 1913-14, Prices, Gamble's International Naval Stores Year Book for 1932-33. Inserted table between pp. 56 and 57. Weights production, ibid., inserted table between pp. 56 and 57. 1929-30 to 1933-34 and September 1934: Prices, Naval Stores Review and Journal of Trade. 44-29-14. 1934. Weights, 1929-30 to 1933-34; Naval Stores Review and Journal of Trade, 44-7-10. 1934.

Column 2, U. S. Dept. Agr., Bur. Agr. Econ., Index Numbers of Prices Received by Farmers for Farm Products 1919-1934, as revised 1934, Washington, D. C. September 1934, p. 59.

Column 4, column 1 minus column 3.

Column 5, column 1 as a per cent of column 3.

Column 3, column 2 twice the average price in the base period given in column 1.

During August 1934, producers received an average of $6.81 a barrel or 64 per cent of the parity price of $10.58. Purchasing power parity of gum rosin prices received by producers at the still is shown for a number of years in Part I of table IV.

With the exception of the prices during recent months, the prices of gum turpentine have been considerably higher with respect to parity than has been true of gum rosin prices. In evaluating the parity situation of these two products, a number of important factors should be considered. The index of prices paid by farmers for things they buy is an average for the entire United States and does not necessarily reflect the increase in prices paid by turpentine and rosin producers, who are located in the southern and southeastern states. Furthermore, the prices at the still which were used in computing parity for both turpentine and rosin are average prices for the industry as a whole and the fact that the two products are produced over a wide area means that not only the prices received by individual producers may have departed from the average but that the prices in a whole producing section may be and may have been in years past somewhat above or somewhat below the average for the industry as a whole. In view of this the purchasing power parity of the Savannah market prices were computed to accompany the purchasing power parity of at-the-still prices received by producers. These parity prices are shown for turpentine and rosin in Parts II of tables III and IV respectively. The close correspondence between the two series in each case is quite apparent, and in view of this, the at-the-still parity prices may be accepted as giving a very good indication of the course of the prices received by producers. This of course is predicted on the basis that the Savannah market price is a representative price and that the prices in the other leading turpentine and rosin markets coincide closely to the Savannah market price. Such a relationship will be established in a subsequent section.

During August 1954, producers received an average of $4.25 a barrel or 24 per cent of the parity price of $17.50. Producing power parity or gas price prices received by producers of the still is above the a number of prices in Part I of table IV.

With the exception of the price during twenty months, the prices of gas transported into some metropolitan areas exceed in parity than the base price of gas which buyers. In evaluating the parity situation of these two products, a number of important factors should be considered. The legal of prices, and by further the fixing any big is to average the price paid for natural gas and most economically efficient and transport is prices paid by retailers and their customers, are larger in the northern and southwestern states. Furthermore, the prices of the still which may be competing priority for both transportation and main use previous prices for the industry so a whole and the fact that the products are co-product have a view some that the price received by individual producers may be called upon the fact that the prices in a state particular months may be and may have in years past economist above or somewhat value for average for the industry as a whole. In view of this the preceding price parity of the previous mighty prices may compare to manufacture the petroleum power parity of ab-the-still prices received by producers. These parity prices are shown for transportation and main in Tables II of tables III and IV respectively. The close correlations between the two series in each case is quite apparent, and in view of this, the ab-the-still parity prices may be accepted as giving a very good indication of the course of the prices received by producers. This of course is predicated on the basis that the producers market price is a supply-demand price and that the prices in the other leading transportation and main markets relatively closely to the producers market price. Such a relationship will be maintained in a competent market.

Table IV

Purchasing Power Parity of Gum Rosin Prices

PART I BASED ON SEASON AVERAGE PRICES RECEIVED BY PRODUCERS AT THE STILL

Year beginning April 1.	Season Average Price per 500-lb. gross weight bbl. Received by producers at stills/1	Index of Prices paid by farmers.	Parity Price.	Price at Still above or below Parity Price	Price at Still as a Per cent of Parity.
	1	2	3	4	5
	dollars	per cent	dollars	dollars	per cent
1909-10 to 1913-14 Average	8.46	100	8.46	---	100
1929-30	11.98	153	12.94	- .96	93
1930-31	7.69	142	12.01	- 4.32	64
1931-32	5.19	121	10.24	- 5.05	51
1932-33	3.90	105	8.88	- 4.98	44
1933-34	5.63	111	9.40	- 3.83	60
August 1934	6.81	115	10.58	- 3.77	64

1. Average price per 500 pound gross weight barrel, after freights commissions, inspection fees and other port charges are deducted.

PART II BASED ON SEASON AVERAGE PRICES AT THE SAVANNAH MARKET

Year beginning April 1.	Season Average Price per 500-lb. gross weight bbl. at the Savannah Market./1	Index of Prices Paid by Farmers.	Parity Price.	Market Price above or Below Parity. Price.	Market Price as a per cent of parity.
	1	2	3	4	5
	dollars	per cent	dollars	dollars	per cent
Average, 1909-10 to 1913-14	9.81	100	9.81	---	100
1929-30	13.46	153	15.01	- 1.55	90
1930-31	8.96	142	13.93	- 4.97	64
1931-32	6.95	121	11.87	- 4.92	59
1932-33	5.05	105	10.30	- 5.25	49
1933-34	6.95	112	10.99	- 4.04	63
August	7.82	125	12.26	- 4.44	64

1. Prices originally given in terms of 280 pound gross weight barrels, converted to 500 pound gross weight barrels by multiplying by 1.7857.

Source of Data: See following page:

TABLE XV

Marketing Year Parity of Some Basic Prices.

TABLE 1 BASED ON 1924 - 1928 AVERAGE PRICES RECEIVED BY FARMERS AS THE CENTAL

Year	Prices received by farmers for 100-lb. gross weight bales, including by-products.	Index of Prices.	Parity Prices.	Prices as shown in Table 1 above or below Parity Price	Prices expressed as Parity.
	Dollars		Dollars per cent	Dollars per cent	
1924	6.00	100	6.00	—	100
1925	11.40	190	12.04	- .64	95
1926	7.00	142	12.01	- 5.00	64
1927	6.12	121	12.04	- 5.92	51
1928	5.50	108	6.00	- 4.50	92
1929	5.46	113	6.40	- 0.92	90
1924	8.02	118	10.00	- 3.77	84

A. Average price per 500 pound gross weight bales, after including commissions, insurance fees and other port charges are deducted.

TABLE XV Index of Farmers Average Prices for the Savannah Market

Year	Prices received by farmers for 500-lb. gross weight bales, including fees and other port charges.	Index of Prices.	Parity Prices.	Market Price above or below Parity.	Market Price as per cent of Parity.
	Dollars		Dollars per cent	Dollars	per cent
1924-1928	6.21	100	6.21	—	100
1929	12.42	122	12.21	- 1.80	98
1930	8.92	142	12.22	- 4.30	72
1931	7.92	121	12.27	- 4.35	64
1932	6.00	108	12.30	- 6.30	49
1933	8.95	112	12.27	- 4.32	73
1934	7.92	122	12.22	- 4.44	64

A. Prices originally given in terms of the usual gross weight bales, converted to 500 pound gross weight bales by multiplying by 1.-0.7.

Source of Data: The Bulletin (Ga).

Table IV (Continued)

Sources of Data to Part I:

Column 1, 1909-10 to 1913-14; weighted average, Prices, Gamble's International Naval Stores Yearbook for 1929-30, page 20. Weights, production; Naval Stores Review and Journal of Trade, 44:1:11, April 7, 1934. 1929-30 to 1933-34, Naval Stores Review and Journal of Trade , 44:1:11: April 7, 1934.

Column 2, U. S. Dept. Agr., Bur. Agr. Econ., Index of Prices Received by Farmers for Farm Products 1910-1934, as revised 1934, Washington, D. C., September 1934, p. 59

Column 3, column 2 times the average price in the base period given in column 1.

Column 4, column 1 minus column 3.

Column 5, column 1, as a per cent of column 3.

Sources of data to Part II:

Column 1, 1909-10 to 1913-14; prices, Savannah Board of Trade Annual Reports, weights, production in each of the five years, Naval Stores Review and Journal of Trade, 44:1:11. April 7, 1934. 1929-30 through 1933-34, monthly prices were compiled by taking a simple average monthly price for each of the following grades: - XWW, W G, N, M, K, I, H, G, F, E, D, and B, and then weighting the price for each grade by the quantity of that grade inspected in Florida during the given year. The monthly prices are weighted by monthly combined receipts of rosin at Savannah, Jacksonville, and Pensacola to arrive at a seasonal weighted average price. Prices: - 1929-30 to 1931-32; Gamble's International Naval Stores Yearbook. Issues: 1930-31, p. 25; 1931-32, p. 29; and 1932-33, p. 32. 1932-33; computed from weekly quotations in the Naval Stores Review and Journal of Trade. 44:1:12, 14, 17, 18, 1934, 1933-34; The Naval Stores Review and Journal of Trade, 44:4:10, 1934. September 1934; computed from Wednesday and Saturday quotations in the Savannah Daily Market Reports, Savannah Exchange. Weights: - for monthly average price of all grades; 1929-30 to 1933-34; inspections of rosin in Florida by grades, annually, the Naval Stores Review and Journal of Trade. 44:7:8, 1934. Weights: for seasonal weighted average price; 1929-30 to 1933-34; combined monthly rosin receipts at Savannah, Jacksonville, and Pensacola, given in the Naval Stores Review and Journal of Trade, 44:7:11, 1934.

Column 2, U. S. Dept. Agr., Bur. Agr. Econ., Index Numbers of Prices Received by Farmers for Farm Products 1910 to 1934, as revised 1934, Washington, D. C., September 1934, page 59.

Column 3, Column 2 times the average price in the base period given in column 1.

Column 4, column 1 minus column 3.

Column 4, column 1 as a per cent of column 1.

Supplies and Disappearance of Turpentine and Rosin.

Turpentine and Rosin production dropped to a very low level toward the close of the World War. During the 1918-19 season the output declined to a level far below the production of any season of the preceding twenty-year period. From 1918-19 through 1930 the trend of production of both gum turpentine and gum rosin was upward, but approached the pre-war production level only during years immediately preceding the current depression.

The increase in gum turpentine production has not been as rapid as in the case of turpentine originating from wood. This fact is evident from the following table which shows that the gum production as a per cent of total production has declined during the period 1922-23 to 1933-34.

Turpentine Production, 1922-23 to 1933-34.

(Three year averages)

Year Beginning April 1.	Production: Gum	Production: Wood	Total Production	Gum Turpentine as a per cent of total.
	1	2	3	4
	1,000 bbls.	1,000 bbls.	1,000 bbls.	per cent
1922-23	579	51	630	91.9
1925-28	619	78	697	88.8
1928-31	683	88	770	88.7
1931-34	513	79	591	86.6

Source of data: From table V, page 14.

The reduction in production during the three years 1931-34 is a reflection of the adjustment producers were forced to make as a result of drastic declines in prices brought about by marked falling-off of business activity. Production of gum turpentine amounted to only 447,000 barrels in 1932-33 as compared to an average of 683,000 barrels during the three seasons 1928-29 to 1930-31.

ing table:

[illegible] and interference of supplies from [illegible].

Production had [illegible] reached [illegible] of a year ago low level because the close of the [illegible]. During the 1939-41 season the [illegible] dropped to a level far below the production of any season of the preceding twenty-year period. From 1940-10 through 1950 the trend of production of both gum turpentine and gum rosin was upward, but approached the pre-war production level only during years immediately preceding the current depression.

The increase in gum turpentine production has not been as rapid as in the case of turpentine originating from wood. This fact is evident from the following total [illegible] data that [illegible] gum turpentine as a percentage of total production has [illegible] the period 1940-41 to 1950-51.

Gum and Wood Turpentine Production, 1940-41 to 1950-51.

(Three year averages)

Year Beginning April 1:	Gum	Wood	Total Production	Gum Turpentine as a per cent of total.
	1,000 Gals.	1,000 Gals.	1,000 Gals.	Per cent
1940-41	114	61	650	64.0
1945-46	123	61	697	66.5
1948-49	144	61	771	68.7
1949-50	151	72	781	68.9

Source of data: [illegible] 5, Part 1b.

The reduction in production during the [illegible] 1950-51 is a reflection of the adjustment procedure were forced to make as a result of drastic decline in prices brought about by sudden falling-off of business activity. Production of gum turpentine amounted to only 147,000 barrels in 1950-51 as compared to an average of 220,000 barrels during the three previous years (1947-48 to 1949-50).

During the 1933-34 season 516,000 barrels of gum turpentine were produced which was a marked increase over the output of the year before. The greatest curtailment in the production of wood turpentine occurred during the 1931-32 season when 64,000 barrels were produced as compared to an average of 88,000 barrels for the preceding three years. Since 1931-32 wood turpentine production has increased greatly, amounting to approximately 100,000 barrels in 1933-34, the largest output of any one year since the war. Under the marketing agreement and license for gum-turpentine and gum-resin processors the volume of gum-turpentine to be marketed during the nine months, April-December 1934, was fixed at 436,556 barrels and for wood turpentine at 71,000 barrels. For the twelve months April 1 to March 31, 1934-35, production on the foregoing basis would approximate 464,000 barrels of gum turpentine and 89,000 barrels of wood turpentine, or a total of 553,000 barrels as compared to a total of 616,000 barrels for the preceding crop year. It is by this method of curtailing the supplies of turpentine that the industry hopes to adjust its output to the prevailing demand conditions on a cooperative basis and thereby assist in establishing more favorable prices and returns received by producers and in so doing effect the declared policy set forth in the Agricultural Adjustment Act. Details relating to turpentine supplies, disappearance and season average prices are shown in the table V for the years 1921-22 to 1934-35.

The trends in the production of rosin have been very similar to that of turpentine owing to the fact that the bulk of both turpentine and resin are derivatives of gum and the production ratio of the two are quite constant from year to year, being on an average 3-1/3 barrels of gum rosins (500 pounds gross)to one barrel of gum turpentine (50 gallons). The production of gum rosin as compared to wood rosin also shows tendencies similar to those of gum turpentine to wood turpentine. These facts are quite evident from the following table:

ing table:

Year Beginning April 1	Production: Reported Gum. /1	Production: Estimated Total Gum /1	Production: Wood	Production: Total Gum and Wood.	Stocks: Beginning Season	Imports	Available supplies	Season: And Stocks	Total Disappearance	Exports	Domestic Disappearance	Season Average Price/3
	1	2	3	4	5	6	7	8	9	10	11	12
	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	dollars
1921-22	489	530	8	538	143	2	713	85	628	210	418	51.55
1922-23	448	514	37	551	85	2	638	72	566	170	396	60.60
1923-24	544	624	52	676	72	3	751	107	644	224	420	47.55
1924-25	522	599	65	664	107	4	775	101	674	250	424	40.55
1925-26	478	548	67	615	101	6	722	81	641	227	414	48.60
1926-27	510	585	79	664	81	6	751	83	668	256	412	41.30
1927-28	631	724	87	811	83	6	900	127	773	330	443	25.50
1928-29	560	642	86	728	127	7	862	121	741	277	464	25.45
1929-30	627	719	92	811	121	9	941	127	814	339	475	24.20
1930-31	590	667	55	772	127	9	908	120	788	328	460	19.65
1931-32	500	573	64	637	120	4	761	141	620	251	369	19.95
1932-33	390	447	74	521	141	9	671	136	535	225	310	19.20
1933-34	450	516	100	616	136	10	762	132	620	300	320	22.05
1934-35/2	464	475	89	564	132	10	706					22.75/4

/1. Production in column 1 is the production for each year as recorded by the Trade and the United States Bureau of the Census, Census of Manufacturers, in contrast to the data in column 2 which are estimates of the total production of gum turpentine.

/2. Data for 1934-35 preliminary, see sources given below for details.

/3. Monthly prices which were simple averages of Saturday closing prices per gallon, converted to prices per barrel of 50 gallons, were weighted by monthly receipts of turpentine at Savannah, Jacksonville, and Pensacola.

/4. Average of April-October only.

Sources of data: See pages 373, 374.

Year ending April 1	Production: Supply-distillate: Gal. and Total	Production: Supply-distillate: Gal.	Production: Supply-distillate: Total	Production: Stocks: Total	Production: Stocks: Distillate	Production: Stocks: Gasoline	Production: Imports: Total	Production: Imports: Distillate	Production: Imports: Gasoline	Production: Exports: Total	Production: Exports: Distillate	Production: Exports: Gasoline
	1	2	3	4	5	6	7	8	9	10	11	12
	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.	1,000 Bbls.
1903-04	[illegible]	340	0	340	142	8	718	89	629	414	412	34.80
1904-05	444	414	37	451	98	8	434	74	360	320	292	81.00
1905-06	544	515	38	474	93	8	734	127	606	406	400	87.80
1906-07	[illegible]	378	68	444	107	6	773	121	652	394	434	90.80
1907-08	470	340	87	418	101	6	772	71	681	347	414	81.00
1908-09	[illegible]	320	79	444	81	6	771	68	640	384	412	81.00
1909-10	728	728	87	411	88	6	804	127	770	380	440	80.40
1910-11	760	444	86	728	127	7	844	128	721	377	444	88.80
1911-12	727	718	88	411	121	8	841	127	814	339	475	84.80
1912-13	447	447	88	777	127	8	801	120	780	338	428	18.80
1913-14	470	470	84	727	124	4	771	111	660	341	317	18.80
1914-15	447	74	821	141	8	807	128	888	807	810	320	18.80
1915-16	412	101	124	140	10	708	128	698	800	380		88.80
1916-17	478	84	144	128	11	708						88.70

1. Production in column 1 is the production for each year as reported by the Trade and the United States Bureau of the Census, Census of Manufactures, in contrast to the data in column 2 which are estimates of the total production of gas turpentine.

2. Data for 1904-20 preliminary, see sources given below for details.

3. Monthly prices which were simple averages of Savannah closing prices per gallon, converted to prices per barrel of 50 gallons, were weighted by monthly receipts of turpentine at Savannah, Jacksonville, and Pensacola.

4. Average of April-August only.

Sources of data: See pages 372, 374.

Turpentine Production, Carryover, Imports, Available Supplies, Exports, Total and Domestic

Disappearance, and Season Average Price per 50 Gallon Barrel, 1921-22 to 1934-35 (Cont'd.)

Sources of Data:

Column 1: 1921-22 to 1925-26, 1927-28, and 1929-30; U.S.Dept. of Commerce, Bureau of the Census, Census of Manufactures, 1931. Turpentine and Rosin, page 3, Table 3.

1926-27; U.S.Dept. Agr., Office of Information, Press Service. Naval Stores Statistics for 1926. July 8, 1927. P. 2, Table 2.

1928-29; U.S.Dept. of Agr., Bureau of Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for 1928. Mimeograph, p. 3, table 2.

1930-31; U.S.Dept. Agr., Bureau of Chemistry and Soils. Naval Stores Statistics for Season 1930-31. Mimeograph, p. 3, table 2.

1931-32 through 1933-34, Savannah Weekly Naval Stores Review and Journal of Trade, 44:1:11, April 7, 1934.

1934-35; based on production set by control comittee of 436,536 barrels for the nine months April-December 1934, which is estimated to equal 94 per cent of April-March, 1934-35 production.

Column 2: 1921-22 through 1932-33; the ratio of the 1933-34 production in column 2 to the production given in column 1 applies to production figures in column 1.

1933-34; production is determined by survey made by the Control Committee.

1934-35; production in column 1 for 1934-35 plus an estimated 11,000 barrels as a result of violations.

Column 3; 1921-22 through 1930-31, same as 1921-22 through 1930-31 of column 1.

1931-32, 1932-33 and 1933-34, Lockwood, J.E., Naval Stores Consultant, Savannah, Ga., October 13, 1934.

1934-35; production for wood turpentine producers fixed at 71,000 barrels for the period April-December, 1934 which is it estimated is equal to 80 per cent ov the production for the twelve months, April-March 1934-35 or 89,000 barrels.

Column 4: 1921-22 through 1934-35, sum of columns 2 and 3.

Column 5: 1921-22 to 1923-24; U.S.Dept. of Agr., Bur. Chemistry and Soils, Courtesy Dr. F.P.Veitch.

1924-25 to 1930-31; U.S.Dept. Agr., Bur. Chemistry and Soils. Naval Stores Statistics. Annual mimeographs cited for column 6.

1931-32 to 1934-35; Lockwood, J.E., Naval Stores Consultant, Savannah, Ga., Oct. 15, 1934.

Sources of Data:

Column 1: 1921-22 to 1926-27, 1927-28, and 1929-30; U.S.Dept. of Commerce, Bureau of the Census, Census of Manufactures, 1931. Turpentine and Rosin, page 2, Table 3.
1928-29; U.S.Dept. Agr., Office of Information, Press Service, Naval Stores Statistics for 1928. July 8, 1929. P. 2, Table 8.
1929-30; U.S.Dept. of Agr., Bureau of Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for 1929. Mimeograph, p. 2, Table 2.
1930-31; U.S.Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Statistics for Season 1930-31. Mimeograph, p. 2, table 2.
1931-32 through 1933-34, Savannah Daily Naval Stores Review and Journal of Trade, 44:1:11, April 7, 1934.
1934-35; based on production set by control committee of 450,000 barrels for the nine months April-December 1934, which is estimated to equal 94 per cent of April-March, 1934-35 production.

Column 2: 1921-22 through 1932-33; the ratio of the 1933-34 production in column 2 to the production given in column 1 applies to production figures in column 1.
1933-34; production is determined by survey made by the Control Committee.
1934-35; production in column 1 for 1934-35 plus an estimated 11,000 barrels as a result of violations.

Column 3; 1921-22 through 1930-31, same as 1931-32 through 1930-31 of column 1.
1931-32, 1932-33 and 1933-34, Lockwood, J.M., Naval Stores Consultant, Savannah, Ga., October 16, 1934.
1934-35; production for wood turpentine processors fixed at 71,000 barrels for the period April-December, 1934 which is it estimated is equal to 80 per cent of the production for the twelve months, April-March 1934-35 or 88,000 barrels.

Column 4: 1921-22 through 1934-35, sum of columns 2 and 3.

Column 5: 1921-22 to 1932-33; U.S.Dept. of Agr., Bur. Chemistry and Soils, Courtesy Dr. F.P.Veitch.
1934-35 to 1930-31; U.S.Dept. Agr., Bur. Chemistry and Soils. Naval Stores Statistics. Annual mimeographs cited for column 5.
1931-32 to 1934-35; Lockwood, J.M., Naval Stores Consultant, Savannah, Ga., Oct. 16, 1934.

Turpentine Production, Carryover, Imports, Available Supplies, Exports, Total and Domestic Disappearance, and Season Average Price per 50 Gallon Barrel, 1921-22 to 1934-35 (Cont'd).

Sources of Data (Cont'd):

Column 6: 1921-22, 1922-23, and 1923-24, U.S.Dept. Agr., Agr. Adj. Admin., Public Hearing upon a Proposed Marketing Agreement with reference to the Gum Rosin and Gum Turpentine Industry - - -. Document No. 78, p. 57.
1924-25 through 1926-27; U.S.Dept. Agr., Office of Information. Press Service, Naval Stores Statistics for 1926. Mimeogr. table 4, July 8, 1927.
1927-28 to 1928-29; U.S.Dept. Agr., Bur. Chemistry and Soils. Naval Stores Investigation. Naval Stores Statistics for 1929. Mimeogr. table 3.
1929-30 to 1930-31; U.S.Dept. Agr., Bur. Chemistry and Soils, Naval Stores Investigation. Naval Stores Statistics for Season 1930-31. Mimeogr. table 5.
1931-32 to 1933-34; U.S.Dept. Agr., Bur. Chemistry and Soils. Statistics on Consumption and Stocks of Naval Stores. Jan., 1933. Mimeogr. table 3.
1934-35; estimated.

Column 7: 1921-22 through 1934-35, sum of columns 4, 5, and 6.

Column 8: Same as 1922-23 through 1934-35 of column 5.

Column 9: Column 7 minus column 8.

Column 10: 1921-22 to 1927-28; Gamble's International Naval Stores Year Book for 1932-33, p. 53.
1928-29 to 1933-34; compiled from U.S.Dept. of Commerce monthly issues of Monthly Summary of Foreign Commerce.

Column 11: Column 9 minux column 10.

Column 12: Prices; 1921-22 to 1923-24; Naval Stores Review and Journal of Trade. 34:1:20. 1934.
1924-25 to 1934-35; Naval Stores Review and Journal of Trade. 44:29:14. 1934.
Weights: 1921-22; Gamble's International Naval Stores Year Book. 1930-31 Issue, page 62.
1922-23 to 1933-34; Naval Stores Review and Journal of Trade. 44:7:10. 1934.
1934-35; ten-year average--1924-25 to 1933-34 receipts, computed from above.

Rosin Production, 1922-23 to 1933-34

(Three year averages)

Year Beginning April 1	Production: Gum	Production: Wood	Total Production	Gum Rosin as a per cent of total.
	1	2	3	4
	1,000 barrels	1,000 barrels	1,000 barrels	per cent
1922-25	1,915	217	2,132	89.8
1925-28	2,046	367	2,413	84.8
1928-31	2,225	450	2,675	83.2
1931-34	1,707	399	2,106	81.1

Source of data: From table VI, page 18.

The economic forces which occasioned the decline in turpentine prices and brought about a marked reduction in output have also been of major influence in determining the course of rosin prices and production. However, the increased stocks of rosin have been an added depressive factor in the case of rosin.

In order to effect a more orderly adjustment of rosin supplies to existing demand conditions than would be possible in the absence of an industry program, a marketing agreement and license provided a means of more equitable adjustment. Under the industry program thus entered into, the marketings of rosin for the nine months April through December 1934 were limited to 1,455,120 barrels of gum rosin and 399,000 barrels of wood rosin; a total of 1,854,120 barrels for nine months or, under a normal production schedule, approximately 2,056,000 barrels for the twelve months April 1, 1934 to March 31, 1935 as compared to 2,229,000 barrels for the crop year 1933-34. Rosin production, carryover stocks, imports available supplies, exports and domestic disappearances and season average prices are presented in table VI for the seasons 1921-22

Beginning April 1

Year	Imports	Total Production	Gum Resin as a per cent of total.
	Wood		
	1,000 barrels	1,000 barrels	per cent
1923-24	1,918	917	32.8
1924-25	2,024	1,017	34.7
1925-26	2,210	1,172	40.7
1926-27	1,709	1,106	41.1

Source of data: from table VI, page 16.

The composite forces which accompanied the decline in turpentine prices and crude, which a marked reduction in output have also been of major influence in determining the course of resin prices and production. However, the increase which of resin has been an added determining factor is the rise in price.

In order to effect a more orderly adjustment of resin supplies to existing demand conditions that would be operative in the economy of the industry practice, a monopolistic agreement and licenses providing a number of more equitable shipments. Under the industry program that covered later, the shipments of resin for the nine months April through December 1926 were limited to 1,400,000 barrels of gum resin and 700,000 barrels of wood resin; a total of 1,984,000 barrels for nine months or, under a annual production schedule, approximately 2,645,000 barrels for the twelve months April 1, 1926 to March 31, 1927 as compared to 2,880,000 barrels for the same year 1925-26. Naval production, carryover stocks, imports available supplies, exports and domestic disappearance and annual average prices are presented in table VI for the seasons 1921-22

Rosin Production, Carryover, Imports, Available Supplies, Exports, Total and Domestic Disappearance and Season Average Price per 500-pound gross weight barrel, 1921-22 to 1934-35.

Year	Production: Reported Gum/1	Production: Estimated Total Gum/1	Production: Wood	Production: Total	Stocks Beginning Season.	Imports	Available Supplies.	Season End Stocks	Total Disappearance	Exports	Domestic Disappearance	Season Average Price /4
	1	2	3	4	5	6	7	8	9	10	11	12
	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	Dollars
1921-22	1,642	1,906	29	1,935	1,074	1	3,010	1,199	1,811	676	1,135	7.50
1922-23	1,500	1,720	152	1,872	1,199	2	3,073	1,132	1,940	950	990	9.29
1923-24	1,790	2,053	201	2,254	1,132	2	3,388	999	2,389	1,170	1,219	8.34
1924-25	1,721	1,973	298	2,271	999	2	3,272	646	2,626	1,463	1,163	10.02
1925-26	1,573	1,911	295	2,206	646	17	2,799/3	444	2,353	1,033	1,272	19.84
1926-27	1,700	1,969	365	2,314	444	23	2,821/3	496	2,325	1,129	1,196	21.79
1927-28	2,072	2,378	452	2,830	496	4	3,330	609	2,721	1,573	1,148	14.81
1928-29	1,865	2,153	432	2,585	609	4	3,198	602	2,576	1,278	1,298	14.80
1929-30	1,973	2,266	479	2,745	602	3	3,350	609	2,741	1,365	1,376	16.46
1930-31	1,986	2,277	439	2,716	609	1	3,367/3	843	2,624	1,217	1,407	6.96
1931-32	1,665	1,909	319	2,228	843	1	3,107/3	1,034	2,073	1,120	953	6.95
1932-33	1,300	1,491	370	1,861	1,034	0	2,922/3	811	2,111	1,089	1,022	5.05
1933-34	1,500	1,720	500	2,229	811	4	3,073/3	884	2,191	1,298	893	6.93
1934-35/2	1,547	1,583	491	2,082	884	-	2,966					8.14/5

/1. Production given in column 1 is the production for each year as recorded by the trade and the United States Bureau of the Census, Census of Manufacturers, in contrast to the data in column 2 which are estimates of the total production of gum rosin.

/2. Data for 1934-35 preliminary, see sources given below for details.

/3. Include reclaimed rosin as follows: 1925-26; 40,000 barrels; 1926-27; 40,000 barrels; 1930-31;41,000 barrels; 1931-32: 35,000 barrels; 1932-33: 27,000 barrels; 1933-34; 35,000 barrels.

/4. Monthly prices were compiled by taking a simple average monthly price for each of the following grades; XWW, WG, N, M, K, I, H, G, F, E, D, and B, and then weighting the price for each grade by the quantity of that grade inspected in Florida during the given year. Grade X not included in the prices given for 1921-22, 1922-23, and 1932-35. The monthly prices were weighted by monthly combined receipts of rosin at Savannah Jacksonville, and Pensacola, to arrive at a seasonal weighted average price.

/5. Average of seven months, April-October.

Sources of data; See pages 377-379.

Sources of data:-

Column 1;

1921-22 to 1925-26, 1927-28 and 1929-30; U.S.Dept. of Commerce, Bureau of the Census, Census of Manufactures, 1931. Turpentine and Rosin, page 3, table III.

1926-27; U. S. Dept. of Agr., Office of Information, Press Service, Naval Stores Statistics for 1926, July 8, 1927, page 2, table II.

1928-29; U. S. Dept. of Agr., Bur. of Chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for 1928-. Mimeogr., page 3, table II.

1930-31; U. S. Dept. of Agr., Bureau of Chemistry and Soils, Naval Stores Statistics for season, 1930-31 Mimeogr., page 3, table II.

1931-32 through 1933-34; Savannah Weekly Naval Stores Review and Journal of Trade. 44:1:11, April 7,'34

1934-35; based on production set by control committee of 1,455,120 barrels for the nine months, April-December, 1934, which is estimated to equal 94 per cent of the April-March, 1934-35 production.

Column 2:

1921-22 through 1932-33; the ratio of the 1933-34 production in column 2 to the production given in column 1 applied to production figures in column 1,

1933-34; production as determined by a survey made by the control committee.

1934-35; production in column 1 for 1934-35 plus an estimated 36,000 barrels as a result of violations.

Column 3:

1921-22 through 1930-31; same as 1921-22 through 1930-31 of column 1.

1931-32, 1932-33 and 1933-34; Lockwood, J. E., Naval Stores consultant, Savannah, Ga., Oct. 13, 1934.

1934-35; production for wood turpentine producers fixed at 399,000 barrels for the period, April-December 1934- which, it is estimated, would be increased to 491,000 barrels for the 12 months, April-March, 1934-35.

Column 4:

1921-22 through 1934-35; sum of columns 2 and 3.

Column 5:

1921-22 to 1923-24; U.S. Dept. Agr., Bureau of Chemistry and Soils, Courtesy Dr. F. P. Veitch.

1924-25 to 1930-31; U.S. Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Statistics. Annual Mimeographed report cited for column 6.

1931-32 to 1934-35; Lockwood, J. E., Naval Stores consultant, Savannah, Georgia, October 13, 1934.

Column 6:

1921-22 to 1923-24, U. S. Dept. Agr., Agr. Adj. Admin., public hearing from the proposed marketing agreement submitted by the American Gum Farmers Association with reference to the gum rosin and gum turpentine industry, document #78, page 77, 1933.

1924-25 to 1926-27; U.S. Dept. Agr., Office of Information, Press Service, Naval Stores Statistics, 1926, Mimeogr., table IV.

1927-28 to 1928-29; U. S. Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Investigations, Naval Stores Statistics for 1929. Mimeogr. table III.

Column 1:

1921-22 to 1922-23, 1927-28 and 1929-30; U.S.Dept. of Commerce, Bureau of the Census, Census of Manufactures, 1931, Turpentine and Rosin, page 6, table III.

1924-27; U. S. Dept. of Agr., Office of Information, Forest Service, Naval Stores Statistics for 1929, July 9, 1927, page 4, table II.

1927-29; U. S. Dept. of Agr., Bur. of Chemistry and Soils, Naval Stores Investigations, Naval Stores Statistics for 1929-. Mimeogr., page 6, table II.

1930-31; U. S. Dept. of Agr., Bureau of Chemistry and Soils, Naval Stores Statistics for Season, 1931-32. Mimeogr., page 6, table II.

1931-32 through 1933-34; Savannah Merly Naval Stores Notice and Journal of Trade, 94:1:11, April 9, '34

1934-35; based on production set by control committee of 1,488,000 barrels for the nine months, April-December, 1934, which is estimated to equal 94 per cent of the April-Sept. 1934-35 production.

Column 2:

1921-22 through 1932-33; the ratio of the 1933-34 production in column 2 to the production given in column 1 applied to production figures in column 1.

1933-34; production as determined by a survey made by the central committee.

1934-35; production in column 1 for 1934-35 plus an estimated 94,000 barrels as a result of statistics.

Column 3:

1921-22 through 1932-33; same as 1921-22 through 1930-31 of column 1.

1931-32, 1932-33 and 1933-34; Lockwood, J. L., Naval Stores Manual, Savannah, Ga., 3rd, 1935.

1934-35; production for naval stores purchase fixed at 384,000 barrels for the period, April-Dec. 1934- with, it is estimated, would be increased to 494,000 barrels for the 12 months, April-March, 1934-35.

Column 4:

1921-22 through 1934-35; sum of columns 2 and 3.

Column 5:

1921-22 to 1923-24; U.S. Dept. Agr., Bureau of Chemistry and Soils, Courtesy Dr. F. P. Veitch.

1924-25 to 1930-31; U.S. Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Statistics. Annual mimeographed report called for column 5.

1931-32 to 1934-35; Lockwood, J. L., Naval Stores Manual, Savannah, Georgia, October 12, 1934.

Column 6:

1921-22 to 1930-31; U. S. Dept. Agr., Agr. Adj. Admin., public hearing from the proposed marketing agreement submitted by the American Gum Farmers Association with reference to the gum rosin and gum turpentine industry, document 273, page 77, 1933.

1931-32 to 1934-35; U.S. Dept. Agr., Office of Information, Farm Service, Naval Stores Statistics, 1934, Mimeogr., table 17.

1927-28 to 1930-31; U. S. Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Investigations, Naval Stores Statistics for 1928. Mimeogr. table 1 I.

Sources of data continued:

Column 6 continued:

1929-30 and 1930-31; U. S. Dept. Agr., Bureau of chemistry and Soils, Naval Stores Investigation, Naval Stores Statistics for season 1930-31. Mimeogr. Table V.

1931-32 to 1933-34; U. S. Dept. Agr., Bureau of Chemistry and Soils, statistics on consumption and stocks of Naval Stores for 1933. Mimeogr., table III.

Column 7:

1921-22 through 1934-35; sum of columns 4, 5, 6.

Column 8:

Same as 1922-23 through 1934-35 of column 5.

Column 9:

Column 7 minus column 8.

Column 10:

1921-22 to 1927-28; Gamble's International Naval Stores Yearbook for 1932-33, page 16.

1928-29 to 1933-34; computed from U.S. Dept. of Commerce Monthly issues of Monthly Summary of Foreign Commerce.

Column 11:

Column 9 minus Column 10.

Column 12:

Prices: Monthly quotations by grades:

1921-22 to 1922-23; Computed from weekly quotations in the Naval Stores Review and Journal of Trade. 35:1:28:31. 1925.

1923-24 to 1924 -25; The Naval Stores Review and Journal of Trade. Issues; 34:2:17. 1924 and 35:1:23. 1925.

1925-26 to 1931-32; Gambel's International Naval Stores Yearbook. Issues: 1926 p.45. 1930-31, p. 25
1927-28, p.49; 1928-29, p. 68; 1929-30, p. 61, 1931-32, p. 29; and 1932-33 p.32.

1932-33, computed from weekly quotations in the Naval Stores Review and Journal of Trade. 44:1:12, 14, 17, 18. 1934.

1933-34; The Naval Stores Review and Journal of Trade. 44:4:10. 11934.

1934-35: Computed from Wednesday and Saturday quotations in the Savannah Daily Market Reports. Savannah Exchange.

Column 6 continued:
1925-26 and 1926-27; U. S. Dept. Agr., Bureau of Chemistry and Soils, Naval Stores Investigations, Naval Stores Statistics for seasons 1925-26. Mimeogr. Table V.
1927-28 to 1929-30; U. S. Dept. Agr., Bureau of Chemistry and Soils, statistics on naval stores and spirits of Naval Stores for 1929. Mimeogr., table III.

Column 7:

Left-hand figures 1924-25; sum of columns 4, 5, 6.

Column 8:
Same as 1922-23 through 1924-25 of column 3.

Column 9:
Column 7 minus column 8.

Column 10:
1921-22 to 1927-28; Gamble's International Naval Stores Yearbook for 1928-29, page 16.
1928-29 to 1929-30; computed from U.S. Dept. of Commerce Monthly issues of Monthly Summary of Foreign Commerce.

Column 11:
Column 9 minus Column 10.

Column 12:
Prices: Monthly quotations by grades:
1921-22 to 1922-23; Computed from weekly quotations in the Naval Stores Review and Journal of Trade. 55:1:28;31,1922.
1923-24 to 1924 -25; The Naval Stores Review and Journal of Trade. Issues: 54:2:17, 1924 and 55:1:23, 1925.
1925-26 to 1931-32; Gamble's International Naval Stores Yearbook. Issues:1928-p.28, 1927-28, p.49; 1928-29, p. 58; 1929-30, p. 61, 1931-32, p. 80; and 1932-33 p.30.
1932-33, computed from weekly quotations in the Naval Stores Review and Journal of Trade. 44:1:12, 14, 17, 18. 1934.
1933-34; The Naval Stores Review and Journal of Trade. 44:4:10, 1934.
1934-35; Computed from Wednesday and Saturday quotations in the Savannah Daily Market Reports. Savannah Morning News.

Sources of data continued:

Column 12 continued:

Weights; For monthly average price of all grades:
1921-22 to 1923-24; Average of 5-year--1924-25 to 1928-29--inspections in Florida by grades, cited below.

1924-25 to 1933-34; Inspections of rosin in Florida by Grades, annually. The Naval Stores Review and Journal of Trade. 44:7:8. 1934.

1934-35; Average inspections of rosin in Florida, by grades, from April through July, 1934. Given in The Naval Stores Review and Journal of Trade.

Weights: For Seasonal weighted average price:
1921-22; Combined monthly rosin receipts at Savannah, Jacksonville and Pensacola, given in Gamble's International Naval Stores Year Book for 1930-31, page 23.

1922-23 to 1933-34; Same as above, given in The Naval Stores Review and Journal of Trade. 44:7:11. 1934.

1934-35; Ten year average--1924-25 to 1933-34--receipts, computed from above sources.

to 1934-35.

The control of the volume of turpentine and rosin marketed is essential not only from the standpoint of short-time adjustment of supplies to prevailing demand conditions in order that more remunerative prices and returns to producers may obtain but for the purpose of placing the industry on a sounder economic basis and thereby safeguard the future productive capacity and status of the industry. The license for gum-turpentine and gum-rosin processors provides that "licensees shall not sell gum turpentine and gum rosin derived from crude gum taken from any living pine tree less than 9 inches in diameter at a point 4-1/2 feet above the ground or from any living pine tree working more than one face at the same time, which tree is less than 14 inches in diameter at a point 4-1/2 feet above the ground: Provided, however, That the foregoing provisions shall not apply where inconsistent with leases and contracts executed prior to September 14, 1933, or with respect to living pine trees producing crude gum prior to September 14, 1933, or where conditions obtain justifying an exception, when approved by the control committee and the Secretary." This provision, which is an endeavor to preserve young trees, is essential under a program designed to improve prices to producers, for without such precaution an upward movement in prices of turpentine and rosin would serve as sufficient incentive to extract gum from trees whose length of life and future productive capacity would be seriously impaired by so doing. Conservation of young trees tends to assure future production on a decreasing per unit cost basis rather than on an increasing per unit cost basis. Producers acting individually, especially under the prevailing lease system, could not and would not be prompted to foster the best interests of the industry as a whole. By contractual agreement the best interests of the industry can be made a major objective of accomplishment and thus provide a sounder basis for the operations of individual producers.

The control of the volume of production and price mentioned in every
vial but only from the standpoint of short-time adjustments of supplies to
prevailing demand conditions in order that more permanently unless and so-
ture to producers may attach not for the purpose of altering the industry as
a whole economic basis but simply safeguard the future prosperity industry
and status of the industry. The issues for consideration and pre-
cautions providing that "industries shall not call gum vegetables and gum
resin derived from trees gum taken from any living plant more large than 9 inches
in diameter at a point 4-1/2 feet above the ground as from any living plan
tree having more than one face at the same time, which tree is less than 14
inches in diameter at a point 4-1/2 feet above the ground. Provided, however,
that the foregoing provisions shall not apply where instructions with issue
and structure accepted prior to November 14, 1924, or with regard to living
plan trees planting order gum prior to September 14, 1923, or where conditions
exists particular or exception, when approved by the central committee and the
industry." This provision, which is an endeavor to conserve young trees, is
essential under a program designed to assure volume is primary, the without
such protection as stated measure to volume of tapping/the trees would mean
an additional industry-to destroy the trees young trees in 1925 and pro-
tree production capacity would be materially impaired by so doing. Conservation
of young trees tends to assure future production on a commercial per unit cost
basis rather than on an increasing per unit cost basis. Conservation additio-
ionally, especially under the prevailing tree system, tends to not cause
not be practical to factor the best interests of the industry in a unit. By
contractual agreement the best interests of the industry can be made a major
objective of accomplishment and thus results a measure basis the conditions
of individual producers.

Relation of Prices to Supply

In order to study and analyze the relationship between prices and supplies of a given commodity or commodities, it is highly important that accurate representative prices be used. For, in a study designed to determine the nature and extent of the influence of supply on price, the central problem is to explain the changes in price from one period of time to the next which can be attributed to changes in the supply of the commodity. Unless the prices used in such a study accurately reflect the price changes which actually occurred, it would be impossible to obtain a true picture of the influence which changes in supply have on price.

Records of price quotations are usually more accurately recorded for large terminal markets. In the case of gum rosin and gum turpentine Savannah, Georgia, and Jacksonville, Florida, are recognized as the two leading markets of naval stores. The proportions of the seasonal total production of gum turpentine and gum rosin received at Savannah and Jacksonville each crop year for the past seven years are shown in tables VII and VIII. Receipts at Savannah have been somewhat larger than at Jacksonville. For the three years 1931-32 to 1933-34 receipts of gum turpentine and gum rosin were 24.2 per cent and 27.6 per cent respectively of the gum turpentine and gum rosin production. For the same period receipts at Jacksonville were 21.7 per cent of the gum turpentine production and 25.4 per cent of the gum rosin production. The two markets, in other words, received approximately 46 per cent of the gum turpentine production and 53 per cent of the gum rosin production.

In view of the large proportion of the total production of the two commodities received at each of the two markets, it would be reasonable to assume that both markets should reflect quite accurately the price situation for the industry as a whole. In so far as transportation charges from the points of origin to the principal consuming centers are the same (which is true in the

Table VII

Receipts of Gum Turpentine at Savannah and Jacksonville and

Total Production of Gum Turpentine, 1927-28 to 1933-34

(in barrels of 50 gallons)

Year Beginning April 1	Gum Turpentine Production	Receipts at Savannah	Receipts at Jacksonville	Receipts as a Per Cent of Production: Savannah	Receipts as a Per Cent of Production: Jacksonville
	1	2	3	4	5
	1,000 bbls.	1,000 bbls.	1,000 bbls.	per cent	per cent
1927-28	727	208	139	28.6	19.1
1928-29	642	159	124	26.5	19.3
1929-30	719	195	148	28.8	20.6
1930-31	687	193	147	28.1	21.4
1931-32	573	155	136	27.1	23.6
1932-33	447	99	93	22.1	21.3
1933-34	516	120	105	23.3	20.3

Sources of data: Column 1, 1927-28 to 1933-34, column 2, table V.
Column 2 and 3, 1927-28 to 1931-32, Gamble's International Naval Stores Year Book for 1932-33, pages 58 and 59. 1932-33 and 1933-34, Naval Stores Review and Journal of Trade, 44:1:8, April 7, 1934.
Column 4, column 2 as a per cent of column 1.
Column 5, column 3 as a per cent of column 1.

Table VII

Receipts of Gum Turpentine at Savannah and Jacksonville and Total Production of Gum Turpentine, 1927-28 to 1933-34

(In barrels of 50 gallons)

Year ending March 31	Gum Turpentine Production	Receipts at Savannah	Receipts at Jacksonville	Receipts as a Per Cent of Production Savannah	Receipts as a Per Cent of Production Jacksonville
	1,000 bbls.	1,000 bbls.	1,000 bbls.	per cent	per cent
	1	2	3	4	5
1927-28	727	508	139	69.8	19.1
1928-29	668	169	124	25.3	18.6
1929-30	719	193	146	26.8	20.3
1930-31	607	145	147	23.9	24.2
1931-32	573	128	136	22.3	23.7
1932-33	447	98	95	21.9	21.3
1933-34	610	130	109	21.3	17.9

Sources of data: Column 1, 1927-28 to 1933-34, column 2, table V.
Columns 3 and 5, 1927-28 to 1931-32, Gamble's Industrial Naval Stores Year Book for 1932-33, pages 32 and 33, 1932-33 and 1933-34, Naval Stores Review Review and Journal of Trade, 44:16, April 7, 1934.
Column 4, column 2 as a per cent of column 1.
Column 5, column 3 as a per cent of column 1.

Table VIII

Receipts of Gum Rosin at Savannah and Jacksonville and Total

Production of Gum Rosin, 1927-28 to 1933-34

(in barrels of approximately 500 lbs. gross, 420lbs. net)

Year Beginning April 1	Gum Rosin Production	Receipts at Savannah	Receipts at Jacksonville	Receipts as a per cent of Production: Savannah	Receipts as a per cent of Production: Jacksonville
	1	2	3	4	5
	1,000 bbls.	1,000 bls.	1,000 bbls.	per cent	per cent.
1927-28	2,278	715	506	30.1	22.1
1928-29	2,153	509	465	23.1	21.8
1929-30	2,265	683	546	30.1	24.1
1930-31	2,277	636	511	28.8	22.4
1931-32	1,909	387	488	20.7	25.6
1932-33	1,491	383	381	25.7	25.6
1933-34	1,723	472	433	27.4	25.1

Sources of data: Column 1, 1927-28 to 1933-34, column 2, table VI.
Column 2 and 3, 1927-28 to 1931-32, Gamble's International Naval Stores Year Book for 1932-33, pages 26-27. 1932-33 and 1933-34, Naval Stores Review and Journal of Trade, 44:1:8, April 7, 1934.
Column 4, column 2 as a per cent of column 1.
Column 5, column 3 as a per cent of column 1.

Table VIII

Production of Gum Rosin at Savannah and Jacksonville and Total

Production of Gum Rosin, 1927-28 to 1932-33

(In barrels of approximately 500 lbs.
gross, 480 lbs. net)

Calendar Year	Production	Savannah	Jacksonville	Total	Savannah as a per cent of the total	Jacksonville as a per cent of the total
	1,000 bbls.	1,000 bbls.	1,000 bbls.	1,000 bbls.	Per cent	Per cent
1927	4,574	718	666	1,384	51.9	48.1
1928	3,128	588	668	1,256	46.8	53.2
1929	3,660	[illegible]	660	1,320	50.0	50.0
1930	3,877	666	811	1,477	45.0	55.0
1931	1,906	577	329	906	63.7	36.3
1932	1,463	518	271	789	65.7	34.3
1933	1,750	678	428	1,106	61.4	38.6

Source of data: Column 1, 1927-28 to 1928-29, column 2, table VI.
Column 2 and 3, 1927-28 to 1931-32, Bureau's International
Naval Stores Year Book for 1928-29, pages 28-27. 1932-33 and
1933-34, Naval Stores Review and Journal of Commerce, Article, March 7,
1934.

Column 4, column 2 as a per cent of column 1.
Column 5, column 3 as a per cent of column 1.

case of turpentine and rosin shipped from Savannah and Jacksonville) no marked price differentials could prevail for a very long period of time. That such a price situation obtains in the case of gum turpentine and gum rosin at Savannah and Jacksonville is demonstrated in Table IX. On the average the prices for gum turpentine and gum rosin are the same in the two markets. The prices in one market, therefore, are a very accurate indication of the prices in the other markets.

Since the prices for gum turpentine and gum rosin are for all practical purposes the same at the Savannah and Jacksonville markets but the volume of the two products received at the former market being somewhat greater than at the latter market, the season average Savannah market prices of gum turpentine and gum rosin were used in the following study of the relation of prices to supplies.

Changes in the season average Savannah market price of turpentine and of rosin from year to year for the entire turpentine and rosin industry may be accounted for first, by their respective values of supplies available for the market, and second, by changes in the demand for turpentine and for rosin.

Turpentine: Total supplies available for market, as measured by gum turpentine production plus wood turpentine production, stocks of gum and wood turpentine at the beginning of the crop year (April 1) and imports, are of major importance in explaining the year to year changes in prices received by producers. Changes in demand on the part of the consumers of turpentine is of next importance. The paint and varnish industry and the producers of shoe polish are the principal consumers of turpentine. For example, during the three years 1931 to 1933 approximately 77 per cent of the domestic consumption of turpentine was accounted for by that utilized in the manufacture of paints and varnishes and 16 per cent used by the producers of shoe polish./1 The

Month	1932			1933			1934		
	Savannah	Jacksonville	Jacksonville above or below Savannah	Savannah	Jacksonville	Jacksonville above or below Savannah	Savannah	Jacksonville	Jacksonville above or below Savannah
	1	2	3	4	5	6	7	8	9
				Turpentine - cents per gallon					
January	34.9	34.6	- .3	39.8	39.6	- .2	47.5	46.9	- .4
February	34.8	34.6	- .2	39.9	39.7	- .2	56.9	56.2	- .7
March	40.2	40.0	- .2	39.8	39.7	- .1	55.3	54.9	- .4
April	39.7	39.7	.0	32.3	32.3	.0	53.7	53.8	+ .1
May	39.4	39.4	.0	42.4	42.2	- .2	50.9	50.8	- .1
June	38.6	38.6	.0	40.7	40.8	+ .1	46.2	46.0	- .2
July	36.0	36.1	+ .1	46.6	46.5	- .1	42.5	42.6	+ .1
August	37.5	37.6	+ .1	42.9	42.8	+ .1	41.7	41.9	+ .2
September	41.2	41.2	.0	41.9	41.8	- .1	41.2	41.1	- .1
October	40.8	40.7	- .1	40.8	40.8	.0	42.6**	42.6**	.0
November	39.7	39.7	.0	42.3	42.3	.0			
December	37.1	37.2	+ .1	42.1	42.2	+ .1			
Average	38.3	38.3	.0	41.5	41.4	- .1	47.8	47.7	- .1
				Rosin - dollars per 280 pound barrel - Average of all grades					
January	3.49	3.47	- .02	3.18	3.21	+ .03	4.20	4.20	.00
February	3.27	3.27	.00	3.02	2.99	- .03	4.97	4.97	.00
March	3.44	3.46	+ .02	2.98	2.99	+ .01	5.00	4.96	- .04
April	3.25	3.26	+ .01	2.95	2.95	.00	5.03	5.04	+ .01
May	3.11	3.11	.00	3.51	3.51	.00	4.94	4.96	+ .02
June	3.02	3.02	.00	3.50	3.48	- .02	4.56	4.56	.00
July	2.87	2.86	- .01	4.10	4.10	.00	4.31	4.31	.00
August	3.06	3.06	.00	3.97	3.97	.00	4.41	4.41	.00
September	3.57	3.57	.00	3.93	3.92	- .01	4.48	4.49	+ .01
October	3.43	3.42	- .01	3.88	3.88	.00	4.57*	4.57*	.00
November	3.30	3.30	- .00	3.93	3.94	+ .01			
December	3.22	3.23	+ .01	3.93	3.92	- .01			
Average	3.25	3.25	.00	3.56	3.56	.00	4.83	4.83	.00

*Prices through Oct. 17. **Prices through October 18.

Source of data: Computed from Daily quotations given in the weekly issues of the Savannah Weekly Naval Stores Review and Journal of Trade. Rosin, monthly averages of quotations of all grades for each day sales were made in both markets. Turpentine, monthly averages of quotations for each day sales were made in both markets.

Month	1924				1925				1926			
	Davenport	Moline	Rock Island	Davenport	Moline	Rock Island	Davenport	Moline	Rock Island	Davenport	Moline	Rock Island
	Value below or above average			Value above or below average			Value above or below average			Value above or below average		
	1	2	3	4	5	6	7	8	9	10	11	12
	Temperature - units per million											
January	34.8	34.0	35.0	2. -	3.00	0.00	2. -	0.14	2.14	4. -	0.14	2.14
February	34.2	34.4	32.0	2. -	3.00	0.00	2. -	2.00	2.00	2. -	2.00	2.00
March	44.5	44.4	42.0	2. -	3.00	0.00	2. -	2.00	2.00	1. -	2.00	2.00
April	54.7	54.7	52.0	0.	2.00	2.00	2.	2.00	2.00	2. +	2.00	2.00
May	64.4	64.4	64.0	2. -	4.00	4.00	2.	2.00	2.00	2. -	2.00	2.00
June	70.7	68.1	67.0	2. +	2.00	2.00	2.	2.00	2.00	3. -	2.00	2.00
July	72.5	72.1	72.0	1. -	2.00	2.00	1. +	2.00	2.00	1. +	2.00	2.00
August	72.7	71.4	72.0	1. +	2.00	2.00	1. +	2.00	2.00	2. +	2.00	2.00
September	64.4	63.5	64.0	1. -	2.00	2.00	2.	2.00	2.00	1. -	2.00	2.00
October	54.4	53.7	54.0	1.	2.00	2.00	1. -	2.00	2.00	0.	2.00	2.00
November	43.1	43.2	42.0	0.	2.00	2.00	0.	2.00	2.00			
December	37.1	37.3	37.0	1. +	2.00	2.00	1. +	2.00	2.00			
Average				1. -	2.92	2.92	1. -	2.92	2.92	1. -	2.92	2.92
	Rain - inches per million gallons - average of all gauges											
January	3.10	3.47	3.0	0. -	2.00	2.00	0. +	2.00	2.00	.00	2.00	2.00
February	3.57	3.57	3.0	.00	2.00	2.00	0. -	2.00	2.00	.00	2.00	2.00
March	3.14	3.44	3.0	0. +	2.00	2.00	0. +	2.00	2.00	.00 -	2.00	2.00
April	3.22	3.22	3.0	0. +	2.00	2.00	.00	2.00	2.00	.00 +	2.00	2.00
May	3.11	3.11	3.0	.00	2.00	2.00	.00	2.00	2.00	.00 +	2.00	2.00
June	3.17	3.00	3.0	.00	2.00	2.00	0. -	2.00	2.00	.00	2.00	2.00
July	3.17	3.44	3.0	0. -	2.00	2.00	.00	2.00	2.00	.00	2.00	2.00
August	3.00	3.14	3.0	.00	2.00	2.00	.00	2.00	2.00	.00	2.00	2.00
September	3.27	3.27	3.0	.00	2.00	2.00	.00	2.00	2.00	.00 -	2.00	2.00
October	3.27	3.27	3.0	.00	2.00	2.00	0. -	2.00	2.00	.00 -	2.00	2.00
November	3.27	3.27	3.0	.00	2.00	2.00	.00	2.00	2.00	.00	2.00	2.00
December	3.14	3.14	3.0	0. +	2.00	2.00	0. -	2.00	2.00	.00	2.00	2.00
Average				.00	2.00	2.00	.00	2.00	2.00	.00	2.00	2.00

Values taken from Tab. 17 . "Climate Average Tables" Table 12.

Source: Climate Summary 1924 Daily quantities given in the weekly issues of the Sequoyah Weekly Herald (Home Active on Layout of Plant). Monthly averages of quantities of oil, gallons for each day sales were made in two months. Conversion: Monthly averages of quantities for each day sales were made by base months.

demand for turpentine changes as the production of commodities involving the use of turpentine changes and / or the demand for those manufactured commodities changes. The Annalist Index of Business Activity/2 serves as a reasonably accurate measure of the changes in demand for turpentine. By allowing for the influence of year to year changes in the demand for turpentine as a reflected by the Annalist Index of Business Activity, on the season average Savannah market price, an adjusted market price of turpentine is obtained from which the factor of changes in demand is eliminated, so that changes in the adjusted market price of turpentine reflect, with reasonably accuracy, the effect which the size of the supply of turpentine has upon the market price of turpentine. The influence which changes in the demand for turpentine and the influence which changes in the supplies of turpentine available for market have had in bringing about changes in the season average price of turpentine at Savannah during the period 1921-22 to 1933-34 is shown in table A.

A study of the Savannah market price of turpentine for the 13-year period beginning with the season of 1921-22 and extending through the 1933-34 season reveals that under demand conditions equal to those which prevailed during the 1933-34 marketing season, a 10 per cent decrease in total available supplies from 750,000 barrels results in a 52 per cent increase in the Savannah market price. It further demonstrates that under the demand conditions given a total available supply of 800,000 barrels would return $14,704,000 to producers at the Savannah market, whereas total available supplies amounting to 700,000 barrels would return to them $18,802,000; or an increase in returns of over $4,000,000 as a result of decreasing supplies 100,000 barrels. Similar results would

/1. U.S.Dept. Agr., Bu . Chem. and Soils, Statistics on Consumption and Stocks of Naval Stores for 1935 (mimeograph).
/2. This index is a composite of statistical series which measure the changes in the production in the case of some commodities and the consumption in other of twelve basic industrial produces

Table X

Total Available Supplies of Turpentine and Season Average Price per 50 gallon barrel of Gum Turpentine at Savannah Adjusted for Changes in Demand for Turpentine as Reflected by the Annalist Index of Business Activity.

Year Beginning April 1.	Available Supplies	Price Received by Producers at Savannah /1	Index of Demand /2	Adjustment for Changes in Demand	Adjusted Savannah Price /3
	1	2	3	4	5
	1,000 bbls.	dollars	per cent	dollars	dollars
1921-22	715	31.55	94	+ 12.75	44.30
1922-23	638	60.60	102	- 1.50	59.10
1923-24	751	47.55	109	- 7.00	40.55
1924-25	775	40.55	100	- 0.25	40.30
1925-26	722	48.60	107	- 5.50	43.10
1926-27	751	41.30	109	- 7.00	34.30
1927-28	900	25.50	106	- 4.00	21.50
1928-29	852	25.45	110	- 7.25	18.20
1929-30	941	24.20	110	- 7.50	16.70
1930-31	902	19.65	90	+ 8.00	27.65
1931-32	761	19.95	76	+ 19.00	38.95
1932-33	671	19.20	82	+ 31.00	50.20
1933-34	762	21.05	76	+ 20.00	42.05

/1/. Price per 50 gallon barrel.
/2/. Annalist Index of Business Activity.
/3/. These prices are what could have been expected to have resulted had no changes in the demand for turpentine occurred. In other words, had the demand for turpentine remained the same during the period the prices given could have been expected as a result of the supplies available as indicated in column 1.

Sources of data: Columns 1 and 2, same as columns 6 and 11 respectively of Table V. Column 3, The Annalist, August 13, 1933, p.213 and October 19, 1934.

Column 4, based on analysis of the factors affecting the season average price of Turpentine prepared in the General Crops Section of the Agricultural Adjustment Administration, study on file in the General Crops Section.

Column 5, sum of columns 2 and 3.

Table 2

Tons available supplies of Turpentine and Gums, Average Price per 50 gallon barrel of Raw Turpentine as Governed Adjusted for Changes in Income from Turpentine as Reflected by the Annual Index of Business Activity.

Year Beginning April 1.	Available Supplies	Price Received by Producers at Factory (1)	Index of Business Demand (2)	Adjusted Demand for Changes in Income (3)	Price Adjusted for Changes in Demand (4)
	1,000 gals.	Dollars		Dollars	Dollars
1921-22	712	34.22	91	+ 34.72	64.30
1922-23	830	32.00	100	- 1.50	60.10
1923-24	721	47.00	104	- 7.00	60.00
1924-25	775	42.00	104	- 5.00	61.70
1925-26	712	44.47	102	- 2.00	60.17
1926-27	721	41.00	107	- 7.00	60.00
1927-28	900	52.00	108	- 4.00	61.30
1928-29	900	40.42	113	- 7.00	58.21
1929-30	841	34.00	110	- 7.50	52.70
1930-31	850	32.00	90	+ 8.00	57.00
1931-32	921	34.00	70	+ 18.00	60.30
1932-33	871	18.00	80	+ 21.00	60.00
1933-34	940	22.00	90	+ 30.00	60.00

(1). Price per 50 gallon barrel.
(2). Annual Index of Business Activity.
(3). These prices are what would have been expected to have resulted had no change in the demand for turpentine occurred. In other words, had the demand for turpentine remained the same during the period the prices given will have been adjusted by a result of the supplies available as indicated in column 2.

Source of data: Columns 2 and 3, same as columns 4 and 5 respectively of Table V. Volume 2. The Annalist, August 10, 1936, p.212 and October 30, 1934.

Column 4, based on analysis of the factors affecting the annual average price of Turpentine presented in the General Group Section of the Agricultural Adjustment Administration, study on file in the General Group Section.

Volume 2, See 2: volume 4 and 5.

obtain under poorer demand conditions than those of 1933-34; that is, under 1932-33 demand conditions total returns for 800,000 barrels would be less than under the more favorable 1933-34 conditions and the same would be true for returns for 700,000 barrels, yet the returns on 700,000 barrels under 1932-33 demand conditions would be approximately $4,000,000 greater than producers would receive for 800,000 barrels. Details relating to the relation between total available supplies and prices at the Savannah market and total returns under given demand conditions are presented in table XI.

Rosin: Total supplies of rosin available for market, comprising gum rosin production plus wood rosin production, stocks of gum and wood rosin at the beginning of the crop year (April 1) and imports, are of major importance in accounting for the year to year changes in prices at the Savannah market. Changes in demand on the part of the industrial consumers of rosin is of next importance. The paper and paper size, soap, and paint and varnish producers are the chief industrial consumers of rosin. During the three year period 1931-33, the three foregoing industries utilized over 89 per cent of all rosin consumed in the United States./1 The demand for rosin changes as the production of those commodities to which rosin is essential in their manufacture changes and/or the demand for those manufactured commodities changes. An average of the Federal Reserve Board's Indexes of Industrial Production and Building Contracts serves as an appropriate measure of the changes in activity of those industries which would result in changes in demand for rosin. By adjusting the season average Savannah market price of rosin for changes in demand for rosin, as reflected by the foregoing combined indexes, a market price of rosin is obtained from which the influence of changes in demand for rosin is

/1/. U. S. Dept. Agr., Bur. Chem. and Soils, Statistics on consumption and stocks of Naval Stores for 1933 (mimeograph.)

[illegible] value paper based monetary base values of 1973-74; that is, under 1973-75 demand conditions total value [illegible] would [illegible] than under the more favorable 1973-74 conditions as the same [illegible] for imports for 70,000 barrels, yet the increase in foreign [illegible] 1973-75 demand conditions would be approximately $4,000,000 greater than [illegible] would require for 80,000 barrels. Details relating to the relation between total available supplies and prices on the Savannah market and total returns under given demand conditions are presented in Table XX.

Jute: Total supplies of rosin available for markets, comprising gum rosin processing plus wood rosin production, stocks of gum and wood rosin at the beginning of the crop year (April 1) and imports, are of major importance in determining for the year to year changes in prices of the Savannah market. Changes in demand on the part of the industrial consumers of rosin is of secondary importance. The paper and paper size, soap, and paint and varnish producers are the chief industrial consumers of rosin. During the three year period 1971-73, the three principal industrial users of gum rosin [illegible] consumed in the United States.[1] The demand for rosin varies as the industry is of those commodities in which rosin is essential is highly sensitive to changes in the economy and/or the demand for those manufactured commodities changes. As an [illegible] of the United Tobacco Growers's [illegible] of [illegible] the demand for rosin derived as an approximate measure of the changes in activity [illegible] industries which would result in changes in demand for rosin. By adjusting the season average Savannah market price of rosin for changes in demand for rosin, as reflected by the foregoing combined indexes, a market price or rosin is obtained from which the influence of changes in demand for rosin is

[1]. U. S. Dept. of Com., Bur. of Cens., Statistics on manufactures of stocks of Naval Stores for 1973 (mimeograph.)

TABLE XI

Relation between Available Supplies and Price per 50 Gallon Barrel of Turpentine and Total Market Value of Available Supplies under Given Demand Conditions.

Available Supplies	Under 1932-33 Demand Conditions: Calculated price per 50 gallon barrels.	Under 1932-33 Demand Conditions: Total Value /1.	Under 1933-34 Demand Conditions: Calculated Price per 50 Gallon Barrel	Under 1933-34 Demand Conditions: Total Value /1
1	2	3	4	5
1,000 bbls.	dollars	dollars	dollars	dollars
625	22.64	14,150	35.34	22,087
650	20.65	13,428	32.23	20,949
675	18.84	12,717	29.40	19,845
700	17.21	12,047	26.86	18,802
725	15.76	11,426	24.53	17,828
750	14.31	10,732	22.35	16,747
775	13.04	10,106	20.35	16,771
800	11.77	9,416	18.33	14,704

/1. Includes value of unsold stocks and is on a Savannah market price basis.

Source of data: Columns 1, 2 and 3, are readings based on a supply-price relationship prepared in the General Crops Section at the Agricultural Adjustment Administration in connection with an Analysis of the factors affecting the season average price of Turpentine.

Column 4, column 1 times column 2.

Column 5, column 1 times column 4.

[illegible]

Matrix Lumber Available Supplies and Prices per 50 Gallon Barrel of Turpentine and Total Lumber Value of Available Supplies under Given Conditions

Sample Calculation

Available Supplies	Lumber Less-Or-Equal Specified Quality			Lumber Less-Or-Equal Specified Quality	
	Price per Gallon Turpentine Price	Total Value	Price per Gallon Turpentine Price	Total Value	
		$			$
1	2	3	4	5	6
1,000 Gals.	Dollars	Dollars	Dollars	Dollars	Dollars
100	20.14	14.31	20.54	20.07	
200	20.85	27.00	20.88	40.00	
300	18.19	18.717	20.[illegible]	19.000	
700	17.34	11.307	20.00	19.000	
800	16.75	13.400	20.00	17.000	
900	16.31	14.700	20.00	16.707	
970	15.64	15.100	[illegible]	16.971	
980	15.77	15.400	19.00	16.001	

/1. Lumber value at second grades and 2a on a Savannah market price basis.

Source of data: Volume 1, 2 and 3, [illegible] Lumber Manual on a [illegible] relationship suggested in the General Group Section at the Louisiana Experiment Station(1). [illegible] condition which is likely to be the [illegible] allowed by the [illegible] of Turpentine.

Column 3, minus 1 times Column 2.

Column 6, minus 1 times Column 5.

eliminated. Changes in the adjustedmarket price of rosin reflect, primarily, the effect which varying the volume of available supplies for market has upon the market price of rosin. The influence which changes in demand and changes in the volume of rosin available for market have exerted on the Savannah market price during the period 1921-22 to 1933-34 is presented in table XII.

A study of the changes in the season average Savannah market price of rosin for the 13-year period, 1921-22 through 1933-34, indicates that under demand conditions equal to those prevailing for the 1933-34 marketing season a 10 per cent decrease in the supplies available for market from 3,100,000 barrels results in a 32 per cent increase in the market price. The total market value under 1933-34 demand conditions would be $20,925,000 for 3,100,000 barrels as compared to $22,200,000 for 3,000,000 barrels; or an increase of over $1,000,000 as a result of limiting the volume available for market by 100,000 barrels. A more detailed comparison of the relation between available supplies and market price and total market value of available supplies is made in table XIII.

The above analyses of the relation between prices and the supplies available for market outline the economic basis upon which turpentine and rosin producers as a group stand to gain from limiting the quantity to be marketed. They reveal quite conclusively that the problem of increasing producers prices and in turn their total returns is in a large measure dependent upon the respective supplies of turpentine and rosin available for market from all sources. Under these conditions it would be difficult, if not impossible, for a given group of producers to improve prices in the absence of cooperation in the program on the part of all producers, i.e., all gum producers and wood producers. That this is due is true to the fact that under given demand conditions the price which individuals producers

eliminated. Changes in the administrative price of wheat relief, invariably, was either taken varying the volume of available supplies for meeting the market value of wheat. The influence which changes in demand and changes in the volume of wheat available for consumption have exerted on the National Wheat Price during the period 1923-27 to 1930-34 is presented in table XXI.

A study of the figures in the column showing Commonwealth market price of wheat for the 12-year period, 1923-24 through 1935-36, indicates that wheat demand conditions appear to have prevailing for the 1929-34 marketing seasons a 12 per cent increase in the supplies available for marketing from 2,320,000 bushels monthly in a 50 per cent increase in the market price. The total market value under 1929-34 demand conditions would be 20,000,000 for 2,100,000 bushels as compared to 16,000,000 for 2,000,000 bushels, or an increase of over 21,000,000 as a result of limiting the volume available for marketing by 100,000 bushels. A more detailed consideration of the relations between available supplies and market price and total market value of available supplies to make is table XXII.

The above analysis of the relation between prices and the supplies available for marketing shows the economic basis upon which marketing and price promotion on a price stand to gain from limiting the quantity to be marketed. They reveal quite conclusively that the position of Commonwealth producer prices and in turn their total returns, is in a large measure dependent upon the marketing supplies of production and wheat available for market from all causes. Under these conditions it would be difficult, if not impossible, for a given group of producers to improve prices in the absence of cooperation in the production and sale of all producers, i.e., all the producers and wheat producers. That this is not in turn to the fact that under given demand conditions the prices were inelastic greater

Table XII

Total Available Supplies of Rosin and Season Average Price per 500 Pound Gross Weight Barrel of Gum Rosin at Savannah Adjusted for Changes in Demand for Rosin as reflected by the Federal Reserve Board's Indexes of Industrial Production and Building Contracts.

Year beginning April 1	Available Supplies	Price Received by Producers at Savannah /1.	Index of Demand /2.	Adjustment for changes in Demand.	Adjusted Savannah Price /3.
	1	2	3	4	5
	1,000 bbls.	dollars	per cent	dollars	dollars
1921-22	3,010	7.50	66	+ 6.00	13.50
1922-23	2,672	9.29	86	+ 2.35	11.64
1923-24	3,333	8.34	94	+ 0.80	9.14
1924-25	3,272	10.02	96	+ 0.60	10.62
1925-26	2,793	19.04	117	- 3.40	16.44
1926-27	2,241	21.79	118	- 3.75	18.04
1927-28	3,320	14.61	110	- 3.00	11.61
1928-29	2,178	14.80	122	- 4.35	10.45
1929-30	3,350	13.44	115	- 2.73	10.71
1930-31	3,369	8.66	85	+ 2.00	10.66
1931-32	2,107	8.96	84	+ 4.50	13.45
1932-33	2,942	5.02	44	+ 10.00	15.02
1933-34	2,275	6.93	57	+ 7.60	14.53

1. Price per 500 pound gross weight barrel.
2. Average of Federal Reserve Board's Indexes of Industrial Production and Building Contracts.
3. These prices are what could have been expected to have resulted had no changes in the demand for rosin occurred. In other words, had the demand for rosin been such year the prices given could have been expected as a result of the supplies available as indicated in column 1.

Sources of data: Column 1 and 2 same as column 6 and 11 respectively of table VI.
Column 3, Federal Reserve Board, monthly issues of Federal Reserve Bulletin.
Column 4, based on an analysis of the factors affecting the season average price of Rosin prepared in the General Crops Section of the Agricultural Adjustment Administration. Study on file in the General Crops Section.
Column 5, sum of columns 2 and 3.

[illegible] Table XXI

[illegible] Supplies of Nails and Screws Average Price per 100 Pound Gross Weight Barrel at San Diego at Wholesale Adjusted for Discount is Issued on Basis as Reported by the Federal Reserve Board's Indexes of Industrial Production and Wholesale Commodity Prices.

Year Ending June 30	Available Supplies of Nails and Screws	Price Index Derived by Procedure of Section [illegible]	Index of Prices	Adjustment for Discount in Dollars	Adjusted Seasonal Price
	1,000 Units	Dollars	Per cent	Dollars	Dollars
[illegible]	8,020	7.00	[illegible]	+ 0.00	[illegible]
[illegible]	5,077	7.77	[illegible]	+ 0.00	[illegible]
[illegible]	8,320	8.00	99	+ 0.00	0.14
[illegible]	8,[illegible]	10.07	[illegible]	+ 0.00	[illegible]
[illegible]	8,760	12.04	117	- 1.40	[illegible]
[illegible]	1,[illegible]	13.70	119	- 0.70	[illegible]
[illegible]	8,820	14.01	118	- 0.00	11.31
[illegible]	2,170	11.00	[illegible]	- 0.00	10.00
[illegible]	2,800	11.00	110	- 0.70	10.71
[illegible]	2,[illegible]	8.00	90	+ 0.00	[illegible]
[illegible]	2,[illegible]	8.00	[illegible]	+ 0.00	[illegible]
[illegible]	7,[illegible]	8.00	[illegible]	+ 10.00	[illegible]
[illegible]	4,[illegible]	8.00	87	+ 7.00	14.00

[illegible] per 100 pound gross weight barrel.

Average of Federal Reserve Board's Indexes of Industrial Production and Wholesale Commodities.

These prices are what would have been expected to have resulted had no changes in the demand for nails occurred. In other words, had the demand for nails been that year the prices given would have been expected as a result of the supplies available as indicated in column 1.

[illegible] of data: Column 1 and 2 come as column 6 and 11 respectively of table VI.

Column 3, Federal Reserve Board, monthly indexes of Federal Reserve Bulletin.

Column 4, based on an analysis of the factors affecting the monthly average price of nails prepared in the General Order Section of the Quartermaster Adjustment Administration. Study on file in the General Order Section.

Column 6, sum of columns 3 and 5.

Table XIII

Relation Between Available Supplies and Price per 500 Pound Gross Weight Barrel of Rosin and Total Market Value of Available Supplies Under Given Demand Conditions.

Available Supplies	Under 1932-33 Demand Conditions: Calculated Price per 500 pound gross weight barrel	Under 1932-33 Demand Conditions: Total Value /1	Under 1933-34 Demand Conditions: Calculated Price per 500 pound gross weight barrel	Under 1933-34 Demand Conditions: Total Value /1
1	2	3	4	5
1,000 bbls.	dollars	dollars	dollars	dollars
2,800	5.67	15,876	8.90	24,920
2,850	5.42	15,447	8.50	24,225
2,900	5.16	14,964	8.10	23,490
2,950	4.94	14,573	7.75	22,862
3,000	4.72	14,160	7.40	22,200
3,050	4.51	13,755	7.07	21,564
3,100	4.30	13,330	6.75	20,925

/1. Total value includes value of unsold stocks and is on a Savannah Market price basis.

Source of Data: Columns 1, and 2 and 3 are readings based on a supply price relationship prepared in the General Crops Section at the Agricultural Adjustment Administration in connection with an Analysis of the factors affecting the season average price of Rosin.
Column 3, column 1 times column 2.
Column 5, column 1 times column 4.

Relation Between Available Supplies and Prices per 500 Pound Gross Weight Barrel of Lemon and Total Market Value of Available Supplies Under Given Demand Conditions.

Available Supplies	Demand Conditions			
	Price per 500 Pound Gross Weight Barrel	Total Value	Demand Conditions Unchanged Price per 500 Pound Gross Weight Barrel	Total Value
		(1)		(2)
1	2	3	4	5
1,000 Bbls.	Dollars	Dollars	Dollars	Dollars
2,000	5.97	[illegible]	8.40	24,000
3,000	5.41	[illegible]	8.20	24,600
4,000	5.18	24,864	8.10	32,400
5,000	4.91	24,550	7.75	38,750
6,000	4.75	28,500	7.40	44,400
7,000	4.61	32,270	7.07	49,490
8,000	4.47	35,760	6.75	54,000

(1) Total value including value of one 14 ounce and 12 ounce Sunwood Market price basis.

Column of total values 1, and 2 are weighing based on a supply price relationship assumed in the General Market Section as the logically most reasonable relationship in accordance with an analysis of the factors affecting the seasonal average price of Sunwood.

Column 3, column 1 times column 2.

Column 5, column 1 times column 4.

or groups of producers receive is determined primarily by the volume marketed by all producers. Therefore, limitation of the supplies available for market as a result of the efforts of few producers would prove to the disadvantage of those limiting their marketings and to the advantage of those who did not, since the benefit accruing from restricting supply is in the form of increased market price and benefit accrues only on that portion of the respective products which is sold and arises only from the fact that the total supply to be marketed has been restricted. It is therefore essential that all parts of the industry share in restricting the supply to be marketed, for those who did not cooperate in restricting supply would receive benefits accruing from the action of the majority without assuming any of the responsibility. A program in which each person in the industry participates equitably would be the most effective in increasing producers' prices and returns.

The foregoing fact can be clearly demonstrated in the case of turpentine. The analysis of the relation between supplies and price of turpentine discussed above indicates that should the total supply of turpentine available for market amount to 800,000 barrels of 50 gallons each and demand conditions be equal to those prevailing during the 1933-34 season, and producers having seventy-five per cent of the total available supplies under their control, or 600,000 barrels, agree to limit the volume of their marketings for the purpose of increasing prices and total returns which they receive, gross inequalities in returns to producers would result. If of the 600,000 barrels subject to restriction only 500,000 barrels are marketed and all of the available supplies of producers not agreeing to restrict marketings (200,000 barrels) were marketed, a total of 700,000 barrels would be marketed and total returns on the 500,000 barrels would be $15,430,600 as compared to $11,028,060 if no restrictions on the volume marketed had been effected by those agreeing to restrict; but at the same time, owing to the fact that participants and non-participants

in restriction of the volume marketed receive the same market price which is brought-about by the total supply marketed under given demand conditions, total returns on the 200,000 barrels which was not subject to restriction would be increased from $2,276,000 to $5,672,000. In the former case returns to producers would be increased [illegible] per cent and in the latter 44 per cent. However, had the producers controlling the 200,000 barrels which were not subject to restriction participated proportionately in the restriction of the volume marketed, the returns to producers who did restrict their marketings by 1000,000 barrels would have received an additional $672,000 which, it should be noted, is the monetary gain accruing to producers who did not share the restriction in marketings. These monetary gains accruing to producers not participating in a control program as a result of the efforts of the producers endeavoring to increase prices and returns they receive are not eliminated until all producers, producing 100 per cent of the total available supplies for market, share proportionately in limiting the total market supplies. A detailed tabular study of calculated benefits to producers of turpentine under given conditions is presented in table XIV.

Similar inequalities would result in returns received by producers of rosin should the producers of this commodity undertake limitation of marketings without the entire volume of rosin available for market being subject to control. The rosin supply-price study indicates that should the total available supplies of rosin amount to 3,200,000 barrels of 500 pounds gross weight demand conditions be equal to those of the 1933-34 marketing season, and only seventy-five per cent of the total supply or 2,333,000 barrels be subject to restriction by producers as agreeing for the purpose of improving their returns and only 2,125,000 barrels were made available for marketing by the producers agreeing to restrict their marketings, and the 775,000 barrels not subject to restriction were all made available for market, on a total available

Calculated Benefits to Producers of Turpentine Assuming Varying Proportions of a Total Available Supply of 800,000 Barrels Subject to Marketing Restriction under Demand Conditions equal to 1933-34/1.

Available Supplies of Producers not restricting	Available Supplies of Producers Restricting.	Total Available Supplies.	Market Price per 50 Gallon Barrel	Returns on Total Available Supplies	Returns to Producers Restricting	Returns to Producers not Restricting: If their total volume marketed.	If proportionate shares in restriction program marketed.	Monetary gain by not sharing restriction program proportionately
1	3	3	4	5	6	7	8	9
1,000 bbls.	1,000 bbls.	1,000 bbls.	dollars	1,000 dollars	1,000 dollars	1,000 dollars	dollars	1,000 dollars
		Seventy-five per cent of the Volume subject to Restriction						
200	600	800	18.38	14,704	11,028	3,676	3,676	0
200	575	775	20.35	15,771	11,701	4,070	3,943	127
200	550	750	22.33	16,747	12,281	4,466	4,187	279
200	525	725	24.59	17,828	12,910	4,918	4,457	461
200	500	700	26.86	18,802	13,430	5,372	4,700	672
		Eighty-five per cent of the Volume subject to Restriction						
120	680	800	18.38	14,704	12,498	2,206	2,206	0
120	655	775	20.35	15,771	13,329	2,442	2,366	76
120	630	750	22.33	16,747	14,068	2,680	2,512	168
120	605	725	24.59	17,828	14,877	2,951	2,674	277
120	580	700	26.86	18,802	15,579	3,223	2,820	403
		Ninety-five Per cent of the Volume subject to Restriction						
40	760	800	18.38	14,704	13,969	735	735	0
40	735	775	20.35	15,771	14,957	814	789	25
40	710	750	22.33	16,747	15,854	893	837	56
40	685	725	24.59	17,828	16,844	984	891	93
40	660	700	26.86	18,802	17,728	1,074	940	134
		One Hundred Per cent of the Volume subject to Restriction						
0	800	800	18.38	14.704	14,704	0	0	0
0	775	755	20.35	15,771	15,771	0	0	0
0	750	750	22.33	16,747	16,747	0	0	0
0	725	725	24,59	17,828	17,828	0	0	0
0	700	700	26.86	18,802	18,802	0	0	0

Source of data: Based on relationships shown in table X, page 388, supra.

/1. For detailed explanation of this table see page following.

Supply of 500,000 metric tons of Marketing Restrictions under Tenant Conditions equal to 1958-59[1].

Available supplies of Production not marketed.	Available supplies marketed.	Total supplies available.	Farm price per bushel.	Return to farmers for marketing Total Production.	Return to farmers for marketing Total value.	Return to farmers for marketing If this is re-invested in production.	Return to farmers for marketing If not during the year.
			Dollars				
1	2	3	4	5	6	7	8
1,000 tons.	1,000 tons.	1,000 tons.	Dollars	1,000 bushels	1,000 dollars	1,000 dollars	1,000 dollars
Supply-line per unit of the Volume subject to Restriction							
800	800	800	10.80	14,706	11,024	2,204	0
800	870	770	10.10	14,771	11,701	4,172	1,470
800	860	760	10.32	15,767	12,141	4,242	2,120
800	830	730	10.94	17,489	13,410	4,510	4,407
800	800	700	11.60	18,066	14,450	5,275	6,370
Sixty-five per unit of the Volume subject to Restriction							
180	880	700	10.80	14,706	12,484	3,494	0
180	850	670	10.98	15,771	12,919	3,415	76
180	820	640	11.15	16,767	13,080	3,315	146
180	800	620	11.36	17,488	13,877	3,475	227
180	780	600	11.56	18,066	14,872	3,627	307
Sixty-five per unit of the Volume subject to Restriction							
40	760	800	12.52	14,706	12,549	750	0
40	730	770	12.98	15,771	14,307	772	22
40	710	750	13.31	16,767	15,604	788	38
40	690	730	13.59	17,488	16,844	801	51
40	670	710	13.84	18,066	17,700	820	124
Due Sixty-five per unit of the Volume subject to Restriction							
0	630	630	14.30	14,706	14,706	0	0
0	670	670	14.11	15,771	15,771	0	0
0	700	700	13.93	16,767	16,767	0	0
0	730	730	13.79	17,488	17,488	0	0
0	760	760	13.66	18,066	18,066	0	0

Source: Based on estimates given in table 1, page 320, supra.

[1] For material assumptions of this table see page following.

(Applicable to both tables)

Column 1: Each time a given per cent of the total available supplies is assumed to be subject to restriction, it is also assumed that the volume in the hands of those not agreeing to restrict their marketings will be marketed regardless of the extent to which the volume subject to restriction is prevented from being marketid.

Column 2: This represents the schedule of available supplies which producers practicing restriction might market under a program of limiting market supplies for the purpose of increasing returns to growers.

Column 3: These are the total available supplies resulting from the restrictions put into effect by producers actually limiting the volume of their marketings and are the sum of columns 1 and 2 in each example where a given per cent of the total available supplies is assumed to be subject to restriction.

Column 4: These are the market prices which could be expected to result from having available a total volume as indicated in column 3 under 1933-34 demand conditions.

Column 5: Represents total market value of all of the volume marketed (Column 3 times column 4).

Column 6: Represents total market value of volume marketed by producers restricting volume marketed (column 2 times column 4).

Column 7: Represents total market value which would be received by producers whose volume is not subject to restriction, if such producers marketed all of their volume irrespective of the limitations or restrictions made on the volume subject to restriction and the nature of the restriction of marketings being similar to that indicated in column 2.

Column 8: Represents total market value received by producers whose volume is not subject to restriction if those producers shared proportionately in restricting the total available supplies as indicated in column 3.

Column 9: Represents returns which producers whose volume was not restricted would receive in addition to that which they would receive if they participated proportionately in restricting the total supply as indicated in column 3 (difference between column 7 and column 8). In other words, if represents returns which producers whose volume is restricted would receive if that volume not restricted or subject to restriction shared proportionately in the limitation of the volume of marketings.

supply of 2,900,000 barrels, the returns to producers not agreeing to restrict would be increased from $5,251,000 to $6,278,000 an increase of 20 per cent while the producers whose marketings of rosin were reduced would be increased from $15,694,000 to $17,212,000 or an increase in total returns of only 10 per cent. Thus the returns to all rosin producers would be increased under the foregoing conditions, yet those producers not restricting would actually receive an amount of $405,000 which producers whose marketings were limited would have received had the actual restrictions of 200,000 barrels in the total supplies marketed been shared proportionately by all producers. In order for all rosin producers to share equitably in the total returns one hundred per cent of the producers must participate in the limitation of the volume offered. A tabular study showing benefits to producers of rosin assuming varying proportions of the total available supply subject to control is made in table XV.

The objective under the marketing agreement and license for gum turpentine and gum rosin processors was to effectuate the declared policy of the Agricultural Adjustment Act with respect to the gum turpentine and gum rosin industry. The analyses of the relation between supplies and price demonstrate the economic basis of attaining the objective. The intent of the marketing agreement and licenses which have been issued by the Secretary of Agriculture for gum turpentine and gum rosin processors and distributors, and agents, factors and commission merchants engaged in marketing, handling or distributing crude gum, cleaned gum, gum turpentine and gum rosin as well as the license issued for processors of wood turpentine and wood rosin was to assure control of the marketing of <u>all</u> turpentine and rosin, for without control of <u>all</u> supplies accomplishment of the objective as set forth would be greatly impaired and would b ing about inequalities of a nature demonstrated in the foregoing paragraphs setting for the economic basis for one hundred per cent control of

supply of 6,000,000 barrels, the returns to producers had amounted to non-
zero would be increased from $0.[illegible] to $0.[illegible] an increase of 80
per cent while the producers' share of costs were reduced would
be increased from $10,000,000 to $18,000,000 or an increase in total re-
turns of 60 per cent. Thus the returns to all main producers would
be increased under the foregoing conditions. If these producers not con-
trolling would equally receive an amount of $300,000 which producers whose
marginals were limited would have received had the actual restrictions
of 20,000 barrels in the total supplies actually been shared proportionately
by all producers. In order for all main producers to share equitably in
the total returns one barrel per cent of the producers must participate in
the limitation of the volume offered. A similar study showing inability to
produce of main producing carrying percentages of the total available supply
subject to control is made in table IV.

The objective under the marketing agreement act' is to secure the gas tur-
pentine and gum rosin producers and to stabilize the desired policy of the
Agricultural Adjustment Act with respect to the gum turpentine and gum rosin
industry. The machinery of the relation between producer and trade necessitates
the maximum scale of attaining the objective. The tasks of the marketing
committee and industry which may be issued by the Secretary of Agriculture
for gum turpentine and gum rosin producers and distributors, and agents, com-
bine and associate associate engaged in marketing. Dealing or distributing
crude gum, dipping gum, gum turpentine and gum rosin as well as the licensed
listed for producers of wood turpentine and wood rosin and to assure adequate
of the marketing of all turpentine and rosin, the without control of all ex-
piry economicalness of the minority so that such would be greatly increased
and would a fair share increasing of a minor demonstrated in the producing
percentage adding for the minority basis for the limited per cent growth of

Calculated Benefits to Producers [illegible] Proportion of a Total Available Supply of

3,100 Barrels Subject to Marketing Restriction under Demand Conditions equal to 1933-34 /1.

Available Supplies of Producers not restricting	Available Supplies of Producers Restricting	Total Available Supplies	Market Price per 500-lb. gross weight barrel	Returns on Total Available Supplies.	Returns to Producers Restricting.	Returns to Producers not Restricting: If their total volume Marketed	If proportionate share in restriction program marketed.	Monetary gain by not sharing restriction program proportionately.
1	2	3	4	5	6	7	8	9
1,000 bbls.	1,000 bbls.	1,000 bbls.	dollars	1,000 dollars	1,000 dollars	100 dollars	1,000 dollars	100 dollars.
			Seventy-five per cent of the Volume subject to Restriction					
775	2,325	3,100	6.75	20,925	15,694	5,231	5,231	0
775	2,275	3,050	7.07	21,563	16,084	5,479	5,391	88
775	2,225	3,000	7.40	22,200	16,445	5,755	5,550	185
775	2,175	2,950	7.75	22,862	16,856	6,006	5,716	290
775	2,125	2,900	8.10	23,490	17,212	6,278	5,873	405
			Eighty-five Per cent of the Volume subject to Restriction					
465	2,635	3,100	6.75	20,925	17,786	3,139	3,139	0
465	2,585	3,050	7.07	21,563	18,276	3,288	3,234	54
465	2,535	3,000	7.40	22,200	18,759	3,441	3,330	111
465	2,485	2,950	7.75	22,862	19,259	3,604	3,429	175
465	2,435	2,900	8.10	23,490	19,724	3,767	3,523	244
			Ninety-five Per cent of the Volume subject to Restriction					
155	2,945	3,100	6.75	20,925	19,879	1,043	1,046	0
155	2,895	3,050	7.07	21,563	20,466	1,096	1,078	18
155	2,845	3,000	7.40	22,200	21,053	1,147	1,110	37
155	2,795	2,950	7.75	22,862	21,661	1,201	1,143	58
155	2,745	2,900	8.10	23,490	22,234	1,256	1,174	82
			One Hundred Per Cent of the Volume subject to Restriction					
0	3,100	3,100	6.75	20,925	20,925	0	0	0
0	3,050	3,050	7.07	21,563	21,563	0	0	0
0	3,000	3,000	7.40	22,200	22,200	0	0	0
0	2,950	2,950	7.75	22,862	22,862	0	0	0
0	2,900	2,900	8.10	23,490	23,490	0	0	0

Source of data: Based on relationships shown in table XII, page 392, supra.

/1. For detailed explanation of this table see page 398 supra.

[illegible] Major to Existing Institutions under Second Institutions equal to 100-50 [illegible].

Institutions	Available Supplies of Products were put [illegible]	Total Available Supplies	Values Prices per 500-lb. Grade Milk	Returns on Total Available Supplies.	Returns to Producers Marketing Total Value.	Return to Producers per Marketing Unit Value.	If their Total Value Marketing.	Return to producers-distributors gain from Marketing.	If they sell their product in bulk.	Gain producer distributor.
1	2	3	4	5	6	7	8	9	10	11
1,000 Wholesale Milk	1,000 Wholesale Milk	Dollars	(Per Dollars Institutions Marketing)						1,000 Wholesale Milk	
			Seventy-five per cent of the Volume Subject to Restriction							
775	2,325	5,160	6.75	80,800	16,094	3,881	3,881	0		
775	2,325	5,800	7.00	21,800	16,086	3,479	3,391	88		
775	2,325	5,000	7.00	24,400	16,400	3,780	3,800	120		
775	2,325	5,800	7.75	20,000	16,000	3,000	3,114	280		
775	2,325	5,800	8.10	22,400	17,112	3,870	3,870	0		
			Sixty-five per cent of the Volume Subject to Restriction							
650	1,950	4,160	6.75	24,800	17,700	3,180	3,180	0		
650	1,950	4,000	7.00	21,000	16,870	3,000	3,074	74		
650	1,950	4,000	7.00	20,800	16,720	3,041	3,280	111		
650	1,950	4,000	7.50	20,000	16,000	3,000	3,425	172		
650	1,950	4,000	8.00	22,000	17,760	3,700	3,844	144		
			Ninety-five per cent of the Volume Subject to Restriction							
1,250	3,750	8,000	6.75	28,400	17,770	1,271	1,040	0		
1,250	3,750	8,000	7.00	27,000	20,000	1,000	1,040	40		
1,250	3,750	8,000	7.00	25,000	19,000	1,140	1,140	—		
1,250	3,750	8,000	7.50	27,000	21,000	1,000	1,080	80		
1,250	3,750	8,000	8.10	28,000	1,250	1,250	1,174	80		
			The Minimum per Item of the Volume Subject to Restriction							
0	2,100	7,000	6.75	24,000	22,000	0	0	0		
0	2,100	8,000	7.00	21,000	21,000	0	0	0		
0	2,100	8,000	7.00	20,000	20,000	0	0	0		
0	2,100	8,000	7.50	20,000	20,000	0	0	0		
0	2,100	8,000	8.00	20,000	20,000	0	0	0		

Source of data: Based on data included in table XIII, page 302, supra.

A. For detailed explanation of this table see Page 306 supra.

supplies in a program designed to increase prices and returns to producers.

Operation under the marketing agreement and license for gum turpentine and gum resin processors demonstrated that unless distributors be required to purchase, market, distribute, ship or in any manner handle only such packages of crude gum, cleaned gum, gum turpentine, or gum resin as had attached to each such package an identifying stamp or tag issued pursuant to the provisions of the Marketing Agreement for Gum Turpentine and Gum Resin Processors and/or license for Gum Turpentine and Gum Resin Processors, representing total quantity deductions equivalent to the contents of such packages derogation of the Marketing Agreement and License for gum turpentine and gum resin processors would result. For without such regulations governing the operations of the distributors insuperable difficulties of enforcing compliance on the part of processors would obtain. Marketing of supplies not a part of a given processors quota without distributors agreeing to purchase market, distribute, ship, or in any way handle only such product which is a part of a given producers marketing quota would tend to have the following results:

1)Contribute to inequalities as among producers as a result of individual processors marketing product in excess of their marketing quotas and thus increase the total marketings and consequently depress the price to all producers.

2)Discrimination as among distributors would result owing to the willingness of some distributors to foster violations of marketing quotas thus supplies available to some distributors would be restricted as for others supplies would not be restricted or limited.

Thus the Marketing Agreement (No. 56) and License (37) for Gum Turpentine and Gum Resin Processors, the Amended License for Gum Turpentine and Gum Resin Processors (No. 57 as amended), the License for Distributors of Crude

Gum, Cleaned Gum, Gum Turpentine and/or Gum Rosin (License No. 78), and License for Agents, Factors and Commission Merchants Engaged in Marketing, Handling, or Distributing Crude Gum, Cleaned Gum, Gum Turpentine, and/or Gum Rosin are all designed for the purpose of attaining the objective of increasing prices and returns to producers of gum turpentine and gum rosin and thereby effectuate the declared policy of the Agricultural Adjustment Act.

Interstate and Intrastate Shipments and Exports of Gum Turpentine and Gum Rosin.

In the case of both gum turpentine and gum rosin, the major market outlets for the products lie outside of the states in which the products are produced. Consequently, the bulk of the shipments enter into interstate and foreign commerce. For example, during the 1933-34 season over 54 per cent of the gum turpentine production and 62 per cent of the gum rosin production were exported. (See tables XVI and XVII) Practically all the gum turpentine and gum rosin which was not exported was consumed in the northern industrial states. Although the intrastate shipments are but such a small proportion of the total volume marketed during any given season, an industry program which undertakes to limit and/or control the volume of marketings must of necessity apply not only to interstate but intrastate shipments also. The necessity of controlling both types of commerce arises out of (1) the difficulties which would confront a controlling body in enforcing compliance to regulations issued and (2) the adverse influence which uncontrolled intrastate shipments or marketings would have on prices and returns received by producers. Due to the fact that gum turpentine and gum rosin are not perishable products and can be rerouted from place to place without the risk of deterioration, shipments intended for intrastate markets can be readily diverted into interstate commerce. Furthermore, gum turpentine and gum rosin, being standardized

Gum Arabic and Gum Tragacanth under Soil (Tables VII, VI), and it-
cause for Lastly, Bulkiness and Insecticide Dusting Capacity is Bulkiness,
Fluidity, or Distributing Cross Gum, Clumped Gum, Gum Tragacanth, and/or
Gum Karaya are all designed for the purpose of attaining the objectives of
increasing prices and returns to producers of gum tragacanth and gum rosin
and thereby effectuate the declared policy of the Agricultural Adjustment
Act.

Importation and Internal Adjustments as Causes of the "Glut" in the Gum
Market.

In the case of both gum tragacanth and gum rosin, the major causes
outlets for the products in details of the states in which the products are
produced. Consequently, the bulk of the adjustments enter into industrial and
foreign commerce. For example, during the 1932-34 season over 84 per cent of
the gum tragacanth production and 92 per cent of the gum rosin production
were exported. (See tables XVI and XVII) Practically all the gum tragacanth
and gum rosin which was not exported was consumed in the northern industrial
states. Although the internal adjustments are but such a small proportion of
the total volume marketed during any given season, an industry program which
undertakes to limit and/or control the volume of marketings must of necessity
apply not only to interstate but intrastate adjustments also. The necessity of
instituting this type of measure rests on (1) the difficulties that
would confront a marketing body in effecting adjustments of marketings in
and (2) the serious injuries that industrial interests
or marketings would have on growers and producer-shippers by producers. In
the fact that gum tragacanth and gum rosin are not perishable products and
can be removed from place to place without the risk of deterioration, which
would increase the injurious marketing practices in order to avoid the
consumers. Furthermore, gum tragacanth and gum rosin, being dissimilar

Table XVI

Production and Exports of Gum Turpentine, 1927-28 to 1933-34,

(In barrels of 50 gallons)

Year Beginning April 1	Gum Turpentine Production	Exports	Exports as a per cent of Production
	1	2	3
	1,000 bbls.	1,000bbls.	per cent
1927-28	727	314	43.2
1928-29	642	257	40.0
1929-30	719	323	44.9
1930-31	687	309	45.0
1931-32	573	240	41.9
1932-33	447	207	46.3
1933-34	516	281	54.5

Sources of Data: Column 1, 1927-28 to 1933-34, column 2, table 3.
Column 2, U.S.Dept. of Commerce, Monthly issues of the Monthly Summary of Foreign Commerce.
Column 3, column 2 as a per cent of column 1.

TABLE 37

Production and Exports of Gum Turpentine, 1947-48 to 1955-56,

(In barrels of 50 gallons)

Year Ended April 1	Gum Turpentine Production	Exports	Exports as a per cent of Production
	1	2	3
	1,000 bbls.	1,000bbls.	per cent
1947-48	720	312	43.3
1948-49	640	257	40.0
1949-50	710	320	45.0
1950-51	597	[illegible]	40.0
1951-52	671	302	45.0
1952-53	447	[illegible]	45.5
1953-54	414	210	[illegible]

Sources of Data: Column 1, 1947-48 to 1951-52, column 2, table 1, column 2, U.S. Dept. of Commerce, Monthly Lumber Review of the Monthly Summary of Naval Stores Commerce.

Column 3, column 2 as a per cent of column 1.

Table XVII

Production and Exports of Gum Rosin, 1927-28 to 1933-34.

(in barrels of 500 lbs. gross, 420 lbs. net).

Year Beginning April 1	Gum Rosin Production	Exports	Exports as a per cent of Production
	1	2	3
	1,000 bbls.	1,000 bbls.	per cent
1927-28	2,378	1,222	51.4
1928-29	2,158	1,120	52.5
1929-30	2,266	1,151	50.8
1930-31	2,277	1,042	45.8
1931-32	1,909	972	50.9
1932-33	1,421	910	61.0
1933-34	1,720	1,068	62.1

Sources of data: Column 1, 1927-28 to 1933-34, column 2, table 6.
Column 2, monthly issues of the Monthly Summary of Foreign Commerce, U. S. Dept. Commerce.
Column 3, column 2 as a per cent of column 1.

TABLE XVII

Production and Imports of Oats Grain, 1927-28 to 1933-34,

(In bushels of 500 lbs. grown, 480 lbs. net).

Year beginning April 1.	Oats Grain Production.	Imports.	Imports as a per cent of Production
	1,000 bush.	1,000 bush.	per cent
1927-28	[illegible]	[illegible]	[illegible]
1928-29	[illegible]	[illegible]	[illegible]
1929-30	[illegible]	[illegible]	[illegible]
1930-31	[illegible]	[illegible]	[illegible]
1931-32	[illegible]	[illegible]	[illegible]
1932-33	[illegible]	[illegible]	[illegible]
1933-34	[illegible]	[illegible]	[illegible]

Values of Oats: Prices 1, 1927-28 to 1932-33, Report by Crop Estimates Branch, Monthly Issues of the Monthly Summary of Farming Statistics, D. B. Cyr, Director.

Values 2, Prices 2 at 4/per bus. of 480 lbs. net.

products, the grades and standards being well established, buyers may purchase the products without the necessity of prior inspection. Anyone having gum turpentine and gum rosin for sale need merely to describe the products as to grade specifications and purchasers can be assured of the product which will be delivered. Thus, an administrative body would find it impossible to determine the actual extent of interstate shipments, for gum turpentine and gum rosin which were sold in the first instance for intrastate trade could readily be resold and passed into interstate commerce. In view of this a control body charged with the responsibility of enforcing compliance to regulations regarding interstate commerce would be confronted with the impossibility of obtaining assurance that the uncontrolled intrastate shipments would not enter interstate commerce after passing through a number of hands. When an entire supply is subject to control the incentive to divert intrastate shipments to interstate is avoided by the very fact that the volume which all markets can receive is fixed at a point which will provide a reasonable assurance against a decline in price. The extent to which intrastate shipments in the absence of being controlled actually enter into state markets would be a force tending to mitigate the effectiveness of controlled interstate shipments in increasing prices and total returns received by producers. Lack of control and/or limitation of intrastate shipments when control and/or limitations of all shipments is to the best interest of the producers would effect adversely the returns to producers.

Market outlets within the state of production are an integral part of the broad market for all gum rosin and gum turpentine and to that extent supplies of these products offered for sale on the markets within the state in which they are produced have a direct bearing on determining returns to producers. If shipments to markets within a state were not controlled and inter-

state shipments were subject to control, the supplies available for interstate shipment, but not permitted to move under the regulations in effect, would tend to be offered on the markets within the state and thereby cause the local markets to become glutted and prices to be depressed unduly. Thus the returns to producers who are ordinarily dependent upon local or state markets for the disposition of their product would receive greatly reduced returns.

****

COMPLETE STATEMENT PERTAINING HEREUNDER

TO 99 CUTLASS OF THE DOWNEY CO., INC. UNDER

CONTROL CONTROL PLAN TO ALLOTMENT FOR 1976

AND UNDER CONTROLLED PLAN PROPOSED BY

MILLARD FURNE, PRESIDENT OF SAID COMPANY

****

	#1	#2	#3	#4	#5	#6	#7	#8
	1933 Production	9 Months Allotment 1934 Control Committee	Average 1 & 2	4-Year Average	70% of 4-Year Average	Percent. of Col. #5 of 1933 Production	85.5% of Col. #3	Percent. of Col. #7 of 1933 Production
1	366	316	341	423	296	80.87	292	79.78
2	212	171	192	229	160	75.47	164	77.36
3	400	284	342	381	267	66.75	292	73.00
4	426	311	368	417	292	68.54	315	73.94
5	57	84	70	113	79	138.59	60	105.26
6	48	40	44	54	38	79.17	38	79.17
7	259	163	211	222	155	59.85	180	69.50
8	154	127	140	170	119	77.27	120	77.92
9	*4183	2700	3442	3630	2541	61.04	2943	70.36
10	97	37	67	73	51	52.58	57	58.76
11	802	932	867	1248	874	108.98	741	92.39
12	523	397	460	532	372	71.13	393	75.14
13	758	623	690	835	583	76.91	590	77.84
14	572	464	518	611	428	74.83	443	77.45
15	327	311	319	416	291	88.99	273	83.49
16	370	285	328	382	267	72.16	280	75.68
17	379	295	337	391	274	72.30	288	75.99
18	287	275	281	345	242	84.32	240	83.62
19	426	322	374	428	300	70.42	320	75.12
20	231	149	190	213	149	64.50	162	70.13
21	709	560	635	749	524	73.91	543	76.59
22	472	309	391	417	292	61.86	334	70.76
23	607	394	500	528	370	60.96	428	70.51
24	393	238	316	319	223	56.74	270	68.70
25	166	137	152	180	126	75.90	130	78.31
26	444	345	394	453	317	71.40	337	75.90

*This customer received additional allotment as preferential treatment. In the present tabulation the preferential treatment has been ignored and the figures in Col. #2 show the allotment the customer would have received without preferential treatment.

27	1255	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28	64	60	62	80	56	87.50	53	82.81
29	394	321	358	433	303	76.90	306	77.66
30	372	280	326	376	263	70.70	279	71.17
31	649	499	574	686	480	73.96	491	75.65
32	578	476	527	637	446	77.16	471	78.03
33	91	103	97	143	100	109.89	83	91.21
34	90	69	80	93	65	72.22	68	75.55
35	362	256	309	343	240	66.30	264	72.93
36	529	363	446	486	340	64.27	381	72.02
37	152	160	156	219	153	100.65	133	87.50
38	448	320	384	397	278	62.05	328	73.21
39	328	268	298	359	251	76.52	255	77.74
40	526	420	473	562	393	74.71	404	76.81
41	846	474	660	630	441	52.13	564	66.66
42	338	250	294	335	235	69.53	251	74.26
43	238	304	271	391	274	115.13	232	97.48
44	963	911	937	1219	853	88.58	801	83.18
45	154	120	137	160	112	72.73	117	75.97
46	376	287	331	383	268	71.28	283	75.27
47	74	80	77	117	82	110.81	66	89.19
48	237	192	215	257	180	75.94	184	77.63
49	271	210	240	281	137	72.69	205	75.64
50	349	238	294	325	228	65.32	251	71.92
51	88	108	98	145	101	114.77	84	95.45
52	794	663	728	887	621	78.21	622	78.33
53	502	374	438	501	351	69.92	374	74.50
54	109	125	117	166	116	106.42	100	91.74
55	172	108	140	144	101	58.72	120	69.76
56	240	163	201	218	153	63.75	172	71.66
57	416	370	393	495	346	83.17	336	80.76
58	437	249	343	329	230	52.13	293	67.05
59	127	83	105	110	77	60.62	90	70.86
60	252	249	251	334	274	92.85	215	85.31
61	400	392	396	525	368	92.00	330	84.75

62	317	234	275	313	219	69.09	235	74.13
63	321	231	276	300	210	65.42	236	73.52
64	142	163	153	218	153	107.75	131	92.25
65	295	325	310	435	305	103.39	265	89.83
66	1209	936	1072	1249	874	72.29	917	75.85
67	362	257	310	344	241	66.57	265	73.20
68	416	325	370	434	304	73.08	316	75.96
69	331	215	273	288	202	61.03	233	70.39
70	537	528	532	707	495	92.18	455	84.73
71	544	474	509	635	444	81.62	435	79.96
72	505	479	492	640	448	88.71	421	83.36
73	491	370	431	496	347	70.67	369	75.15
74	494	423	458	567	397	80.36	392	79.35
75	513	438	475	588	412	81.31	406	79.14
76	105	108	107	148	104	99.05	92	87.62
77	151	144	147	193	135	89.40	126	83.45
78	581	402	492	539	377	64.89	421	72.46
79	275	234	255	313	219	79.64	218	79.27
80	477	321	399	430	301	63.10	341	71.49
81	726	523	624	700	490	67.49	534	73.55
82	239	169	204	227	159	66.52	174	72.80
83	211	225	218	291	204	96.68	186	88.15
84	395	320	358	428	300	75.95	306	77.47
85	102	71	87	95	67	65.69	74	72.55
86	302	309	305	414	290	96.03	261	86.42
87	416	344	380	461	323	77.64	325	78.12
88	142	59	101	85	60	42.25	86	60.56
89	94	71	82	95	66	70.21	70	74.47
90	325	216	270	289	202	62.15	231	71.08
91	603	391	497	524	367	60.86	425	70.48
92	853	827	840	1106	774	90.74	718	84.17

93	198	149	173	200	140	70.70	148	74.75
94	1063	716	890	944	661	62.18	761	71.59
95	72	54	63	72	50	69.44	54	75.00
96	785	695	742	928	650	82.80	634	80.76
97	251	205	228	275	193	76.89	155	77.68
98	546	547	547	713	499	91.39	468	85.71
99	231	244	237	327	229	99.13	203	87.87
	42,509	33,649	38,080	44,937	31,501	74.10	32,558	76.59

EXPLANATORY NOTE: The foregoing tabulation has been prepared by The Downing Company, Inc., under instructions of the President.

The list shows the information stated as to each customer of the Company where the Company's records disclose full and accurate information with respect to that customer's 1933 production, his four-year average and his allotment for the last nine months of 1934. Where, for instance, the customer's allotment for the last nine months of 1934 showed an amount equal to or greater than his four-year average, such customer has not been included, upon the assumption that the Company's records do not show accurately the customer's four-year average. The Allotments for the last nine months of 1934 have been taken from a list furnished us by the Control Committee.

The basis of the calculation appearing in Column 5 was to take 70 per cent of the four-year average. It is understood that the Control Committee's tentative figures as to allotments for 1935 indicate that each processor will receive for the full year approximately 70 per cent of his four-year average.

The basis of calculation used for the figures appearing in Column 6 is as follows:

Total crop of 1933 -		516,000
(It is understood this is the total shown by applications for allotments filed with the Control Committee during 1934.)		
Total crop authorized for 1934 -	464,400	
Deduct 6 percent as estimated quantity marketed prior to April 1, 1934 -	27,864	
Leaving to be marketed during last nine months of 1934 - - - - - - - -	436,536	
Deduct 3 per cent for new processors - - - - - - - - - - - - - - - - - - -	13,096	
Leaving for general distribution -	423,440	
Less Estimated Quantity used in Preferential Allotments - - - - - - - -	2,500	420,940
Making total 1933 production, plus total allotments for general distribution for last nine months of 1934 - - - - - - - - - - - - - -		936,940
Divide by 2 to obtain average -		468,470
Add double amount allotted 1934 new processors, approximately - - - -		26,000
		494,470

Under substitute plan proposed this total represents basis for calculation of apportionment of quantity available for general distribution in making allotments for 1935.

Total crop recommended for 1935 -	450,000
Less:	
3 per cent for new processors	
1 per cent for new producers	
2 per cent for equalization	
6 per cent -	27,000
Leaving available for distribution among old and new processors of 1934	423,000

Dividing 423,000 by 494,470 it will be seen that each old and new processor of 1934 will receive 85.5 per cent of the quantity which constitutes his basis of allotment under the proposed plan. As to old processors this means each would receive 85.5 per cent of the average of his 1933 production and his allotment for the last nine months of 1934. As to new processors it means that where one received 444 units for the last nine months of 1934 his basis of allotment would be double that number, or 888. He would receive 85.5 per cent of 888, or 759 units as his allotment for 1935.

October 24, 1934.

/s/ C. E. Tiller
Accountant of The Downing Company, Inc.

Total army requirements for 1939 - - -

MARKETING AGREEMENT FOR GUM TURPENTINE AND GUM ROSIN PROCESSORS.

Discussion of Present Plan of Allotment, of Modification thereof Proposed by the Control Committee, and of Substitute Proposed.

Submitted by Millard Reese, President of The Downing Company, Inc., Brunswick, Georgia.

I.

On July 31, 1934, the Control Committee held a meeting at Jacksonville, Florida, at which proposed changes in the basis of allotment fixed by the marketing agreement were discussed at length. The immediate cause for the meeting was to hear a Committee appointed at a general meeting of processors held at Valdosta, Georgia, on July 20, for the purpose of protesting against the existing basis of allotment, and of proposing and undertaking to have adopted a fairer and more equitable plan. The author of this memorandum was invited both by the Control Committee and by Mr. Jay Ward, representative of AAA, to be present at the meeting. During the meeting the author was asked for an expression of his opinion upon the subject under discussion.

He first read from a brief which was submitted at the Jacksonville hearing in November, 1933, on behalf of those who opposed the marketing agreement, as follows:

"We realize that it is extremely difficult to frame any basis of allotment that would work fairly and equitably. That is one of our objections to the proposed plan. Unquestionably objections could be urged to basing production to be allotted for next year upon production for the current year. Producers who have reduced their production materially during the past few years for one reason or another naturally feel that

producers who have increased their production are entitled to but little consideration. On the other hand producers who have increased their production have acted in entire good faith and within their rights. Many of them were compelled to do so because their respective operations have fallen below the economic unit of production applicable to their respective cases. This has been discussed.

"There is a well defined feeling that some of the larger producers actually expect to increase their production for 1934, if the proposed agreement should go into effect. It is to be hoped that this feature will be fully developed on the hearing."

This quotation was read for the purpose of showing that there were those in the industry who from the first had some conception of what a puzzling and difficult problem was presented in fixing a fair and workable basis of allotment under a marketing agreement if one was to be adopted.

The author then read from a memorandum he had prepared on May 19, 1934, as follows:

"The primary objection to the present basis of allotment is that it pays too little attention to present conditions and too much to past conditions. In view of what this country and the naval stores business have been through since January 1st, 1930—and distress in the naval stores business really began with 1929, antedating by nearly a year the general conditions that developed in October of that year—it is absurd for the basis of production that existed during each of the years 1930, 1931 and 1932 to be given just as much part in fixing quotas for 1934 as the basis of production that existed in 1933 is given. The past four years have brought drastic changes in all branches of business with kaleidescopic rapidity. For the purposes of the marketing agreement, in many respects conditions existing in 1930 and 1931 belong to the remote past as certainly as conditions existing twenty years ago and should have no more bearing upon what ought to be done in 1934.

"As stated in Washington and as stated uniformly for months past, I am entirely willing to concede that conditions existing for a limited period before 1933 should be given consideration in the effort to bring the naval stores business under a marketing agreement. I am not willing to concede that the past four years should be put upon exactly the same basis and be given the same weight in determining the quantity that a given processor will be permitted to market. The reason that the three years prior to 1933 properly may be given some consideration is because the naval stores business is not an annual business, nor is it a perennial business as conducted in this country. The producing life of a given piece of timber ought never to be less than four years and may be as long as ten or twelve years, depending upon the size of the timber, whether or not it may be back-cupped, the care with which the timber is worked, etc. Hence it follows that some timber in production in 1930 is still in production, but not a great deal.

producers who have increased their productivity are entitled to but little consideration. On the other hand producers who have improved their production have acted in entire good faith and within their rights. Many of them were compelled to do so because their competitive operations have fallen below the economic unit of production applicable to their respective areas. This has been discussed.

"There is a well defined feeling that some of the larger producers actually expect to increase their production for 1934, if the proposed agreement should go into effect. It is to be hoped that this feature will be fully developed on the hearing."

This quotation was read for the purpose of showing that there were

those in the industry who felt that had some conception of what a

pressing and difficult problem was presented in trying a fair and workable

basis of allotment under a marketing agreement if one was to be adopted.

The author then read from a memorandum he had prepared on May 19, 1934, as follows:

"The primary objection to the present basis of allotment is that it gives too little attention to present conditions and too much to past conditions. In view of what this country and the naval stores business have been through since January 1st, 1927--and disaster in the naval stores business really began with 1929, extending by nearly a year the general conditions that developed in October of that year--it is absurd for the basis of production that existed during each of the years 1929, 1931 and 1932 to be given just as much part in fixing quotas for 1934 as the basis of production that existed in 1933 is given. The past four years have brought drastic changes in all branches of business with unprecedented rapidity. For the purposes of the marketing agreement, in many respects conditions existing in 1932 and 1931 belong to the remote past as entirely as conditions existing twenty years ago and stands have no more bearing upon what ought to be done in 1934.

"As stated in Washington and as stated authoritatively for months past, I am entirely willing to concede that conditions existing for a limited period before 1933 should be given consideration in the effort to bring the naval stores business under a marketing agreement. I am not willing to concede that its past four years should be put upon exactly the same basis and be given the same weight in determining the quantity that a given producer will be permitted to market. The reason that the three years prior to 1932 properly may be given some consideration in bringing the naval stores business in not on annual business, nor is it a perennial business as existed in this country. The producing life of a given piece of timber must never be less than four years and may be as long as ten or twelve years. Nothing can be sign of the "boom", whether or not it may be temporary, the one fact which this stands in vogue, and there is fighting the-e-e times in production in 1934 to exist in production, for not a great deal.

"I feel too that there is a degree of merit in the contention that processors who voluntarily have reduced their production year by year since 1930 because they believed there should be reduced production in order to make conditions in the business more tolerable are entitled to some consideration and should not be held strictly to their 1933 production in fixing their allotments for 1934. And yet when this argument is analyzed it has not the force that appears upon its first statement. The probability is that only a small percentage of processors who reduced their production during the four year period did so for the reason stated. No doubt there are a few who own their lands in fee simple who may think they were prompted by this motive. But the probability is that they thought they were saving money in the action they took. The great majority of processors had to keep producing or join the army of the unemployed. They had no other business. Others were turpentining ahead of sawmill operations. Others had expiring leases and were unable to replace these with new leases at a price they could afford to pay for timber in view of the prices their turpentine and rosin were bringing, and still others had locations that became exhausted and which they could not replace because there was no available timber in their respective localities. In the great majority of cases, those producers who reduced their production year by year during the four year period were actuated by the same motives that caused other producers to increase, namely, what they conceived to be to their own betterment or advantage. There have not been any pronounced altruistic motives prompting a course of action upon the part of producers in the naval stores business any more than in other lines of business.

"The gross injustice and inequalities created by the basis of allotment set out in the marketing agreement are as a mountain to a mole-hill when compared with the situation that would exist if 1933 production had been taken as the basis of allotment.

"Another thing, there were no 'new' processors within the true intent and meaning of the marketing agreement at the time it became effective. If allocations had been made prior to October 15, 1933, an applicant for allotment as a new processor would have had the right to make a choice. He either could have engaged in the business upon the basis of the allotment awarded him or he could have stayed out of the business. If he was going in the business he had to do it last fall. It follows, therefore, that when the announcement of February 5 was made that the agreement would be finally approved on February 19, the property rights of the so-called new processor were just as much vested as the property rights of a processor who had been continuously in business for four years or more. The new processor had made expenditures which he could not recall or realize upon. He had made his timber purchases or contracts. He had been at work placing his cups in the trees, and this work either was completed or about completed, or completed to a large extent. It was too late for him to retrace his steps.

"If it were possible to do so the ideal method of making allotments for 1934 would be upon the basis of the ability and desire of the processor to produce during 1934. I confess that it seems to me this plan is not feasible and not practical. Not only is the quantity of production for any period of the future which any given processor may be able to make a matter of great uncertainty and indefiniteness on account of weather and labor conditions, sickness, fires, storms and other unforeseen contingencies that may happen, but it is natural to suppose that many processors have padded

"I feel too that there is a degree of merit in the co-operation that producers who voluntarily have reduced their production year by year since 1920 because they believed there should be reduced production in order to make conditions in the business more tolerable are entitled to some consideration and should not be held entirely to blame if 1929 production is fixing their allotments for 1934. ... and yet when this argument is analysed it has not the force that appears upon its first statement. The probability is that only a small percentage of producers who reduced their production during the four year period did so for the reason stated. We doubt there are a few who are their lands in the single who may think they were prompted by this motive. But the probability is that they thought they were saving money in the action they took. The great majority of producers had to keep producing or lose the entire of the investment. They had no other business. Others were speculating about of manual operations. Others had working losses and were unable to produce there with as much loss at a price they could afford to pay for timber in view of the prices their turpentine and resin were bringing, and still others had borrowed the money they borrowed and which they could not replace because there was no available timber in their respective localities. In the great majority of cases, those producers who reduced their production year by year during the four year period were actuated by the same motives that caused other producers to increase, namely, that they conceived to be to their own betterment or advantage. There have not been any pronounced altruistic motives prompting a course of action upon the part of producers in the naval stores business any more than in other lines of business.

"The great inflation and speculation created by the period of disturbed and out in the marketing movement are as a corollary to a much-discussed when connected with the situation that would make it 1929 production had been taken as the basis of allotment.

"Inter alia, there were no 'new' producers within the term fixing and making of the marketing agreement at the time it became effective. If allocations had been made prior to October 15, 1929, an applicant for allocation as a new producer would have had the right to make a choice. He either could have engaged in the turpentine business upon the basis of the allotment awarded him or he could have stepped out of the business. If he was going in the business he had to do it last fall. In fact, therefore, that when the announcement of February 8 was made that the agreement would be finally approved on January 15, the property rights of the so-called new producers were just as much vested as the property rights of a producer who had been continuously in business for four years or more. The new producer had made expenditures which he could not recall or realize upon. He had made his labor purchases or contracts. He had been at work placing his area in the trees, and this work either was completed or about completed, or completed to a large extent. It was too late for him to retrace his steps.

"It is very doubtful to do so the legal effect of making allotments for 1934 would be upon the basis of the activity and deeds of the producer in previous years 1929. I would-be that it would seem to me this plan is not feasible and not practical. My only is the great by of production for the period of the future which by given treatment may be made to make a number of great uncertainty and inaccuracy in regard to the amount of market and labor conditions, climate, time, etc. ... that unfavorable conditions may happen, but it is natural to assume the [illegible]

or would pad the figures which they have submitted or might submit as to the quantity they are in position to produce during the year. And hence it would be necessary for the Control Committee to verify in some satisfactory way the prospective production of each processor. The probability is that it would be the end of the year before such investigation could be completed.

"I again refer to the plan of allotment suggested in the brief which was submitted at the public hearing on the marketing agreement at Jacksonville last November. If to this plan there should be added a provision creating a quantity say of 10,000 or 12,000 units to be used by the Control Committee to the extent necessary in relieving cases of distress, I believe that plan is the best that has been suggested."

It is believed that the statement quoted is a fair and just appraisal of the inherent defects in the basis of allotment fixed by the marketing agreement. And since the statement was made before the Control Committee last July it has seemed best to quote it in full rather than to paraphrase or revise it.

II.

The Amendments Proposed by the Control Committee.

The Control Committee has proposed for 1935 certain changes in the basis of allotment. The agreement already provides that 3 per cent. of the total crop authorized to be marketed shall be used, if necessary, for distribution among new processors. In addition to this 3 per cent. the Control Committee desires that 1 per cent. of the total crop be set aside for new producers.

The Control Committee also has recommended that 5 per cent. of the total crop be set aside as an equalization supply, to relieve cases of undue hardship or distress that will develop under the existing plan.

The Committee has recommended a total crop of 450,000 units for 1935. After deducting the total of 9 per cent. to be used for the three specific purposes mentioned, there will be available 91 per cent. of the

or would you the figures which they have submitted or might submit as to the quantity they are in position to produce during the year. And hence it would be necessary for the Control Committee to verify in some satisfactory way the prospective production of such properties. The probability is that it would be the end of the year before such investigation could be completed.

"I again refer to the plan of allotment suggested in the Brief which was submitted at the public hearing on the marketing agreement at Tuckerville last November. If to this plan there should be added a provision omitting a quantity any of 10,000 or 15,000 units to be used by the Control Committee to the extent necessary in relieving cases of distress, I believe that plan is the best that has been suggested."

It is believed that the statement quoted is a fair and just appraisal of the interest defects in the basis of allotment fixed by the marketing agreement. And since the statement was made before the Control Committee fully it has seemed best to quote it in full rather than to paraphrase or paint it.

II.

The Assessment Imposed by the Control Committee.

The Control Committee has assessed for 1933 marketing season in the basis of allotment. The agreement already provides that 5 per cent, of the total crop authorized to be marketed shall be used, if necessary, for distribution among new producers. In addition to this 5 per cent, the Control Committee believes that 3 per cent. of the total crop be set aside for new producers.

The Control Committee also has recommended that 8 per cent. of the total crop be set aside as an equitable supply, to relieve cases of undue hardship or injury that will clearly make the marketing plan.

The Committee has recommended a total area of 270,000 units for 1933. After deducting 18 per cent. of 3 per cent. it is seen that the specific purpose reserve, there will be available 24 per cent. of the

total crop for general distribution, or 409,500 units.

The class of processors that suffered most in 1934 were the so-called new processors. For the last nine months of 1934 the new processor's allotment was 44.4 per cent. of his estimated capacity to produce, while the old processor received 74.4 per cent of his four year average.

Of course, new processors of 1934 will have to receive their allotment for 1935 out of the 409,500 units available for general distribution. These new processors received a total of 13,096 units for the last nine months of 1934.

The basis upon which the Control Committee proposes to make allotments for 1935 is as follows: 1934 old processors will share on a basis of their four-year averages. 1934 new processors will share on a basis of 75 per cent. of their capacity to produce for the last nine months of 1934, as estimated by the control Committee in making 1934 allotments. This means, roughly, that 75 per cent. of 30,000, or 22,500 units, to provide for new processors of 1934, will be added to the total of four-year averages as the base figure upon which proportions will be calculated. The formula is this:

Total of four-year averages.....	564,500
Add for new processors.....	22,500
Making total of	587,000

Dividing this total into 409,500 and we get 69.76 per cent. This means that each old processor will get 69.76 per cent, of his four-year average as his allotment <u>for the full year 1935</u>. He was supposed to get approximately 80.5 per cent. of his four-year average as his allotment for <u>the full year 1934</u>. The Control Committee was not organized until late in March, 1934, and it was decided not to make allotments for the calendar year, as provided in the marketing agreement,

total crop for general distribution, or 400,000 units.

The class of processors that arrived soon in 1934 were re-called new processors. For the last nine months of 1934 the new processor's allotment was 64.4 per cent. of his estimated capacity to produce, while the old processor received 74.5 per cent of his four-year average.

Of course, new processors of 1934 will have to receive their allotment for 1935 out of the 400,000 units available for general distribution. These new processors received a total of 12,060 units for the last nine months of 1934.

The basis upon which the Control Committee proposes to make allotments for 1935 is as follows: 1934 old processors will share on a basis of their four-year average. 1934 new processors will share on a basis of 74 per cent. of their capacity to produce for the last nine months of 1934, as estimated by the Control Committee in making 1934 allotments. This means, roughly, that 75 per cent. of 50,000, or 37,500 units, to remain for new processors of 1935, will be added to the total of four-year averages as the base figure upon which proportions will be calculated. The formula is this:

Total of four-year averages..... 362,500
Add for new processors..... 37,500

Making total of 400,000

Dividing this total into 400,000 and we get 92.76 per cent.

This means that each old processor will get 92.76 per cent. of his four-year average as his allotment for the first year. In the case of processors in the 1934 year, it was decided not to make allotments for the calendar year, as provided in the marketing agreement, but organized until June 1st March, 1934, and it was decided not to make allotments for the calendar year, as provided in the marketing agreement,

but to make allotments for the last nine months of the year. And the Control Committee deducted an arbitrary 6 per cent. from the total quantity to be marketed as representing the probable percentage of the total crop that would be marketed prior to April 1, 1934. Old processors were allotted 74.4 per cent. of their four-year averages for the nine months. But the quantity upon which this percentage was calculated was only 94. per cent. of the quantity available for distribution for the year, the assumption being that each processor would market before April 1, 6 per cent. of his total 1934 production.

It will be seen, therefore, that under the Committee's set-up the old processor's percentage of 69.76 for the full year 1935 should not be compared with his percentage of 74.4 for the last nine months of 1934, but has to be compared with the percentage of 80.5 for the full year 1934.

It also is to be remembered that there was available for general distribution among old processors for the last nine months of 1934 almost exactly 421,000 units, while there is available for general distribution for 1935 under the Committee's plan only 409,500 for the full year. And to make bad matters worse, in 1935 the new processors of 1934 will have to share in 409,500 with the old processors.

Under the Committee's plan the new processors for 1934 would be entitled to a total of 15,210 units out of the total of 409,500 available for distribution among old and new processors of 1934. It will be seen, therefore, that what the Committee proposes is in effect the following:

Available for distribution among old and new processors of 1934	409,500
Deduct quantity to be awarded new processors of 1934 (in even hundreds)	15,200
Leaving for distribution among old processors of 1934	394,300

but by such allowance for this last one-tenth of one year, and the [illegible] allowed an additional 6 per cent. From the total [illegible] by [illegible] as representing the probable percentage of the total crop that would be marketed prior to April 1, 1934. Old producers were allotted 76.4 per cent of their five-year average. [illegible] that the quantity upon which this percentage was calculated was only 88 per cent of the quantity available for distribution for the year, the assumption being that such percentage would equal April 1, 6 per cent of the total 1934 production.

It will be seen, therefore, that under the Committee's method the old producers percentage of 88.76 [illegible] and is compared with the percentage of 76.4 for the last five months of 1933, and has to be compared with the percentage of 87.8 for [illegible].

It also is to be remembered that there was available for general distribution among old producers [illegible] nearly 40,000 cases, while there is available for general distribution for 1933 under the Committee's plan only [illegible] [illegible] in each last eastern county, in 1932 [illegible] of 1931 [illegible] about 1,400,000 cases for old producers.

Under the Committee's plan the new producers for 1934 would be entitled to a total of 12,000 cases out of the total of 100,000 available for distribution among old and new producers of 1934. It will be seen, therefore, that when the quantity present is [illegible] [illegible]

[illegible]

Further analyzing these figures it will be seen that there will be available for distribution for the full year 1935 only 394,300 units as compared with 421,000 distributed among the same processors for the last nine months of 1934. To make the comparison complete and accurate the following figures are illuminating:

Available for distribution among old processors for last nine months of 1934	423,440
Less estimated quantity used in preferential allotments	2,500
Leaving quantity distributed generally	420,940
Add 6 per cent. of total crop authorized for year (deducted as having been marketed prior to April 1, 1934)	27,864
Making total for year 1934	448,904

Dividing this number into 394,300, the quantity available for distribution among old processors for 1935, and we have this startling result:

For 1935 each old processor of 1934 will be permitted to market only 87.6 per cent. of the quantity he was permitted to market during the year 1934.

From rather a broad and comprehensive knowledge of the condition of a substantial cross-section of naval stores processors, the author earnestly submits that those who were permitted during 1934 to market only 75 per cent. or less of their 1933 production — and the number of such cases is appalling—simply cannot stand and ought not to be made to stand a reduction in 1935 of 12-1/2 per cent. of the quantity they were permitted to market during 1934.

It must be borne in mind that the reduction in the 1934 crop as compared with 1933 was only 10 per cent. The recommended reduction in the 1935 crop as compared with the 1934 crop is but little more than 3 per

cent. The total crop recommended for 1935 as compared with the 1933 crop shows a reduction of less than 13 per cent. And yet under the marketing agreement plan it is safe to say that approximately 35 per cent. of the processors in business in 1934 were permitted to make only 75 per cent. or less of their 1933 production, and for 1935 they will have to accept a further reduction of approximately 12-1/2 per cent. as compared with 1934, in order to effect a reduction of approximately 3 per cent. in the 1934 crop.

So much for the old processor under the Committee's proposed plan. The plight of the new processor of 1934 is even more deplorable under that plan. As the Committee has it worked out, where a new processor had the ability to produce 1,000 units in 1934, he was permitted to market during the last nine months of that year only 444 units. Under the Committee's proposal the same new processor would be permitted to market 523 units during the full year 1935. As previously pointed out, the new processor of 1934 was not in fact a "new" processor within the intent and spirit of the marketing agreement. He had made his investment before there was any marketing agreement, and at the time the marketing agreement was approved the die had been cast. It seems clear that in considering the situation for 1935 and subsequent years, some effort ought to be made to make amends to the new processor of 1934 for the harsh and unfair treatment he received during 1934. It does not help the lot of the new processor to be assured that no intentional wrong or injury was inflicted upon him. The bald, bare fact which stares us in the face is that wrong and injury were inflicted upon him. It is no amelioration of his desperate situation that it has come about as a result of action by his government —a government that is benign and most anxious to be helpful, rather than from a despotic government that premeditatedly set out to crush him. The result to him is the same.

cent. The total crop recommended for 1955 as compared with the 1952 crop shows a reduction of less than 15 per cent. And yet under the marketing agreement plan it is safe to say that approximately 80 per cent. of the producers in business in 1952 were permitted to make only 75 per cent. of less of their 1952 production, and for 1955 they will have to accept further reductions of approximately 18-1/2 per cent, as compared with 1954, in order to effect a reduction of approximately 5 per cent. in the 1954 crop.

So much for the old processor under the Committee's proposed plan.

The plight of the new processor of 1954 is even more deplorable under that plan. As the Committee has it worked out, there a new processor had the ability to produce 1,000 units in 1954, he was permitted to market during the last nine months of that year only 664 units. Under the Committee's proposal the same new processor could be permitted to market 552 units during the full year 1955. As previously pointed out, the new processor of 1954 was not in fact a "new" processor within the intent and spirit of the marketing agreement. He had made his investment before there was any marketing agreement, and at the time the marketing agreement was approved he had been out. It seems clear that in considering the situation for 1955 and subsequent years, some effort ought to be made to make amends to the new processor of 1954 for the harsh and unfair treatment he received during 1954. It does not help the lot of the new processor to be assured that no internal injury or injury was inflicted upon him. The hold, here last week stares us in the face is that wrong and injury were inflicted upon him. It is no amendment of his desperate situation that it has come about as a result of action by his government — a government that is being and most anxious to be helpful, rather than from a despotic government that presumptuously set out to crush him. The result to him is the same.

III.

The Substitute Plan Proposed.

This memorandum could serve no good purpose if it had nothing but destructive criticism to offer. Its purpose is far broader than that. It is submitted in aid of a substitute plan which the author has prepared. He hopes and believes that the substitute plan suggested is entitled to careful consideration, and that it forms at least the nucleus for a plan under which a much fairer and more equitable distribution of the available supply might be made among those entitled to participate.

The fundamental basis of the substitute proposed is to eliminate the four-year average as the basis of allotment. In lieu of the four-year average it is proposed that the basis of allotment shall be an average of 1933 production and the allotment for the last nine months of 1934.

The allotment of 1934 was based on the four-year average. Hence this proposal gives consideration, and it is believed the full consideration that ought to be given, to production for the years 1930, 1931 and 1932, in fixing allotments. It does not give the same consideration to these three years that is given to the year 1933, because that is the supreme vice inherent in the present basis of allotment. The substitute proposed also gives consideration, and it is believed the full consideration that ought to be given, to the new processor of 1934. The provision in that respect is that the new processor's allotment for the last nine months of 1934 shall be doubled, and this doubled figure shall be treated on the same basis as the old processor's average, i.e., of 1933 production and allotment for the last nine months of 1934.

III.

The Substitute Plan Proposed.

This memorandum could serve no good purpose if it had nothing but destructive criticism to offer. Its purpose is for brevity-than that. It is submitted in aid of a substitute plan which the author has prepared. He hopes and believes that the substitute plan suggested is worthy of careful consideration, and that it forms at least the nucleus for a plan under which a much fairer and more equitable distribution of the available supply might be made among those entitled to participate.

The fundamental basis of the substitute proposed is to eliminate the four-year average as the basis of allotment. In lieu of the four-year average it is proposed that the basis of allotment shall be an average of 1922 production and the allotment for the last nine months of 1924.

The allotment of 1924 was based on the four-year average. Hence this proposal gives consideration, and it is believed the full consideration that ought to be given, to production for the years 1922, 1921 and 1920, in fixing allotments. It does not give the same consideration to those three years that is given to the year 1923, because that is the supreme view in-hand in the present basis of allotment. The substitute proposed also gives consideration, and it is believed the full consideration that ought to be given, to the new producers of 1924. The provision in that respect is that the new producer's allotment for the last nine months of 1924 shall be doubled, and his double figure shall be treated as the same basis as the producer's average, i.e., of 1923 production and allotment for the full nine months of 1924.

If the new processors should be given a fair and reasonable basis of allocation, and if the more glaring inequities and inequalities that developed among old processors in the operation of the marketing agreement during 1934 should be corrected, there would be no need of an equalization supply of 5 per cent. of the total crop. The provision made for the new processors of 1934 under the Committee's plan is grossly inadequate, even niggardly, and cannot be justified except upon the theory that a large portion of the equalization supply the Committee recommends is to be used in giving them additional relief. Under the Committee's plan from one-fourth to one-third of the 5 per cent. provided for equalization will have to be used in taking care of the new processors if they are to receive anything like a fair and square deal.

And so under the suggested substitute the 3 per cent. for new processors and the 1 per cent. for new producers, as recommended by the Committee, have been retained. But the equalization supply has been fixed at 2 per cent. of the total crop instead of 5 per cent.

There will be submitted as an exhibit to this brief a tabulation showing the comparative results of the operation of the two plans as applied to 99 customers of The Downing Company, Inc. As set out in an explanatory note accompanying that statement, the tabulation represents all of the customers of The Downing Company where full information necessary for the comparison was available. It is believed that the tabulation represents a fair cross-section of the industry as a whole.

The tabulation will speak for itself, but one or two explanatory remarks should be made.

Under the Control Committee's plan 15,210 units would be alloted to those who were new producers in 1934. Under the substitute plan new processors would be allotted 22,393 units. This means that the substitute plan

If the new processors should be given a fair and reasonable basis of allocation, and if the more glaring inequities and inequalities that developed among old processors in the operation of the marketing agreement during 1934 should be corrected, there would be no need of an equalization supply of 5 per cent. of the total crop. The provision made for the new processors of 1934 under the Committee's plan is grossly inadequate, even cruelly, and cannot be justified except upon the theory that a large portion of the equalization supply the Committee recommends is to be used in giving them additional relief. Under the Committee's plan from one-fourth to one-third of the 5 per cent. provided for equalization will have to be used in taking care of the new processors if they are to receive anything like a fair and square deal.

And so under the suggested substitute the 3 per cent. for new processors had the 1 per cent. for new processors, as recommended by the Committee, have been reduced. But the equalization supply has been fixed at 2 per cent. of the total crop instead of 5 per cent.

There will be submitted as an exhibit to this brief a tabulation showing the comparative results of the operation of the plan as applied to 27 stations of The Dowling Company, Inc. As set out in an explanatory note accompanying this statement, the tabulation represents all of the warehouses of The Dowling Company where full information was available for the operation of the industry as a whole.

The tabulation will speak for itself, but one or two explanatory remarks should be made.

Under the Central Committee's plan 12,810 units would be allotted to those who were new processors in 1934. Under the substitute plan new processors would be allotted 22,300 units. This means that the substitute plan

carries 7,183 units more for new processors of 1934 than the Committee's plan. But on the other hand the Committee's plan carries 5 per cent. of the total crop recommended, or 22,500 units, as an equalization supply, while the substitute plan carries only 2 per cent., or a total of 9,000 units, as an equalization supply.

The result of these differences may be tabulated as follows;

5 per cent. carried for equalization under Committee's plan	22,500
2 per cent. carried for equalization under substitute plan	9,000
Making a difference in favor of Committee's plan of	13,500
Deduct quantity carried in substitute plan for new processors over quantity for new processors carried by Committee's plan.....	7, 183
Leaving net quantity for equalization carried by Committee's plan in excess of quantity carried by substitute plan	6,317

The substitute plan eliminates preferential treatment to old processors on account of provisions of pre-existing leases. The Committee's plan does not. Assuming that the 2500 units estimated as awarded to these preferential cases for the last nine months of 1934 would be sufficient to take care of them for all of 1935, and deducting this quantity from the total of 6,317 last shown, we would have left 3817 units which the Control Committee's plan would carry for equalization in excess of the quantity for equalization carried by the substitute plan.

But this quantity would be further reduced because on the tabulation it has been assumed that each processor would be awarded 70 per cent. of his four-year average, while the accurate figures are 69.76 per cent., or .24 of 1 per cent. less than 70 per cent. Taking .24 of 1 per cent.

carries 7,185 units more for new processors of 1974 than the Committee's plan. But on the other hand the Committee's plan carries 5 per cent. of the total crop recommended, or 23,800 units, as an equalisation supply, while the substitute plan carries only 3 per cent., or a total of 9,000 units, as an equalisation supply.

The result of these differences may be tabulated as follows:

5 per cent. carried for equalisation under Committee's plan	23,800
3 per cent. carried for equalisation under substitute plan	9,000
Making a difference in favor of Committee's plan of	14,800
Bonus quantity carried in substitute plan for new processors over quantity for new processors carried by Committee's plan	7,185
Leaving net quantity for equalisation carried by Committee's plan in excess of quantity carried by substitute plan	6,614

The substitute plan eliminates preferential treatment to old processors on account of provisions of pre-existing leases. The Committee's plan does not. Granting that the full quota provided is awarded as these preferential cases [illegible] would be sufficient to take care of them for all [illegible], and leaving only quantity from the total of 6,614 last shown, we would have left 7614 units which the Control Committee's plan would carry for equalisation in excess of the quantity for equalisation carried by the substitute plan.

But this quantity would be further reduced bonuses on the substitution it has been assumed that each processor would be awarded 70 per cent. of his [illegible] average, while the accurate figures are 69.76 per cent., or .24 of 1 per cent. less than 70 per cent. Taking .24 of 1 per cent.

of 564,500, the total of four-year averages, and we have 1344 units. Deducting this number from 3817 and we have 2472 units.

Hence, while it is true that the Committee's plan apparently shows 5 per cent. for equalization against 2 per cent. carried for equalization by the substitute plan, or a difference in units of 13,500, when the two plans are closely analyzed that difference dwindles to 2472 units. This is but little more than one-half of one per cent. of the total quantity available for distribution for 1935 among old and new processors of 1934, and is substantially less than one-half of one per cent. of the total of four-year averages.

Now if this quantity should be distributed among those who were old processors in 1934, it would mean that each of them would receive as his allotment for 1935 less than one-half of one per cent. more than the allotment shown in column 5 of the tabulation under discussion.

Hence, while an absolutely accurate comparison could not be made in the tabulation, owing to the differences that exist in the two plans in dealing with new processors of 1934 and the equalization supply, the method followed in preparing the tabulation and the comparison shown thereby are substantially correct.

It may be argued that undue consideration is given by the substitute plan to new processors of 1934. That, of course, is a matter of opinion, and it is natural for opinions to vary. While it is the author's opinion that the basis suggested for new processors is not unduly liberal to them, he realizes that some reduction in the allotments to new processors carried by the substitute plan might be justified. If the allotments to new processors under the substitute plan should be reduced by ten per cent., that would mean the total units required to take care of new processors would be

of 884,000, the total of four-year averages, and so have 1344 units. Deducting this number from 3017 and we have 2672 units.

Hence, while it is true that the Committee's plan appropriately shows 8 per cent. for equalization against 2 per cent. carried for equalization by the substitute plan, or a difference in units of 13,300, when the two plans are closely analyzed that difference diminishes to 2672 units. This is but little more than one-half of one per cent. of the total quantity available for distribution for 1955 among old and new processors of 1954, and is substantially less than one-half of one per cent. of the total of four-year averages.

Now if this quantity should be distributed among those who were old processors in 1954, it would mean that not at that moment would the allotment for 1955 less than one-half of one per cent. more than the allotment shown in column 8 of the tabulation under discussion.

Hence, while an absolutely accurate comparison could not be made in the tabulation, owing to the differences that exist in the two plans in dealing with new processors of 1954 and the equalization supply, the method followed in preparing the tabulation and the comparison shown thereby are substantially correct.

It may be argued that undue consideration is given by the substitute plan to new processors of 1954. That, of course, is a matter of opinion, and it is natural for opinions to vary. While it is the author's opinion that the basis suggested for new processors is not unduly liberal to them, he realizes that some reduction in the allowance to new processors carried by the substitute plan might be justified. If the allowance to new processors under the substitute plan should be reduced by ten per cent., that would mean the total quantity required to take care of new processors would be

20,153, and would give each new processor who was authorized to market 444 units during the last nine months of 1934 the right to market 685 units during the full year 1935. If this were done it would add 2240 units to the quantity available for distribution among old processors of 1934, increasing the percentage of their base averages by slightly less than one-half of one per cent.

Let it be stressed again that if the substitute plan should be adopted not only would the distressed situation of those who were new processors in 1934 be relieved, but a large percentage of other distress cases also would be relieved.

A study of the tabulation would reveal some very remarkable and interesting facts. Following is a table showing the number of the 99 processors who would receive more than 100 per cent. of their 1933 production under the two plans; those who would receive between 90 and 100 per cent. and those who would receive between 80 and 90 per cent., etc.

	CONTROL COMMITTEE PLAN	SUBSTITUTE PLAN
Number to receive over 100 per cent. of 1933 production	10	1
Number to receive less than 100 per cent. but more than 90 per cent.	9	6
Number to receive less than 90 per cent. but more than 80 per cent.	13	20
Number to receive less than 80 per cent. but more than 70 per cent.	35	65
Number to receive less than 70 per cent. but more than 60 per cent.	27	6
Number to receive less than 60 per cent. but more than 50 per cent.	6	1
Number to receive less than 50 per cent. but more than 40 per cent.	1	0
	99	99

50,000, and would give each new processor who was authorized to market 444 units during the last nine months of 1954 the right to market 888 units during the full year 1955. If this were done it would add 3840 units to the quantity available for distribution among old processors of 1954, increasing the percentage of their base averages by slightly less than one-half of one per cent.

Let it be stressed again that if the substitute plan should be adopted not only would the distressed situation of those who were processors in 1954 be relieved, but a large percentage of other distress cases also would be relieved.

A study of the tabulation would reveal some very remarkable and interesting facts. Following is a table showing the number of the 99 processors who would receive more than 100 per cent, of their 1954 production under the two plans; those who would receive between 90 and 100 per cent, and those who would receive between [illegible] and 80 per cent., etc.

	PRESENT COMMITTEE PLAN	INCENTIVE PLAN
Number to receive over 100 per cent. of 1954 production	10	1
Number to receive less than 100 per cent. but more than 90 per cent.	4	8
Number to receive less than 90 per cent. but more than 80 per cent.	13	20
Number to receive less than 80 per cent. but more than 70 per cent.	22	28
Number to receive less than 70 per cent. but more than 60 per cent.	[illegible]	8
Number to receive less than 60 per cent. but more than 50 per cent.	8	1
Number to receive less than 50 per cent. but more than 40 per cent.	1	2
	99	99

It may be remarked in passing that the one processor who shows under the substitute plan more than 100 per cent. of his 1933 production produced in that year 57 units and under the substitute plan would receive an allotment of 60 units for 1935. Under the Committee's plan the same processor would receive an allotment of 79 units. Under both plans this processor's allotment shows the highest percentage of his 1933 production of the 99 processors shown.

Based on 1933 production the two extremes shown by the Committee's plan are two processors, one of whom would receive 42.25 per cent. of his 1933 production, while the other would receive 138.59 per cent. of his, a difference of 96.34 per cent.

Under the substitute plan the two extremes are two processors, one of whom would receive 58.76 per cent. of his 1933 production, while the other would receive 105.26 per cent., a difference of 46.5 per cent.

The next two extreme cases under the Committee's plan are two processors, one of whom would receive 52.13 per cent of his 1933 production, while the other would receive 115.13 per cent., a difference of 63 per cent.

The next two extreme cases under the substitute plan are two processors, one of whom would receive 60.56 per cent. of his 1933 production, while the other would receive 97.48 per cent., a difference of 36.92 per cent.

So much for the extreme cases. They are not nearly so important as other comparisons. Clearly the most important is that under the Committee's plan thirteen processors will receive between 80 and 90 per cent. of their 1933 production, while thirty-three will receive between 70 and 80 per cent., making a total of forty-six who will receive between 70 and

It may be remarked in passing that the one processor who shows under the substitute plan more than 100 per cent. of his 1932 production produced in that year 87 units and under the substitute plan would receive an allotment of 60 units for 1932. Under the Committee's plan the same processor would receive an allotment of 79 units. Under both plans this processor's allotment shows the highest percentage of his 1932 production of the 99 processors shown.

Based on 1932 production the two extremes shown by the Committee's plan are two processors, one of whom would receive 68.88 per cent. of his 1932 production, while the other would receive 130.00 per cent. of his, a difference of 74.84 per cent.

Under the substitute plan the two extremes are two processors, one of whom would receive 88.75 per cent. of his 1932 production, while the other would receive 105.56 per cent., a difference of 44.3 per cent.

The next two extreme cases under the Committee's plan are two processors, one of whom would receive 81.12 per cent of his 1932 production, while the other would receive 112.12 per cent., a difference of 38 per cent.

The next two extreme cases under the substitute plan are two processors, one of whom would receive 90.00 per cent. of his 1932 production, while the other would receive 97.60 per cent., a difference of 22.22 per cent.

So much for the extreme cases. They are not nearly so important as other comparisons. Clearly the most important is that under the Committee's plan fifteen processors will receive between 80 and 90 per cent. of their 1932 production, while thirty-three will receive between 70 and 80 per cent., making a total of forty-six who will receive between 70 and

90 per cent. of their 1933 production.

The substitute plan shows twenty processors who will receive between 80 and 90 per cent. of their 1933 production, and sixty-five who will receive between 70 and 80 per cent. of their 1933 production, or a total of eighty-five coming within the range between 70 and 90 per cent. of their 1933 production.

Under the Committee's plan thirty-four processors would be allotted less than 70 per cent.

It will occur to anyone reading this memorandum that for practical purposes the figures showing the number of processors in each class may be treated as percentages, because it so happens that the tabulation covers just one less than 100 processors. On this basis:

Under the Committee's plan 53 per cent. of the processors would get either more than 90 per cent. or less than 70 per cent. of 1933 production, while only forty-six per cent. of the processors would get between 70 and 90 per cent. of 1933 production.

Under the substitute plan only 14 per cent. of the processors would get either more than 90 per cent. or less than 70 per cent. of 1933 production, while 85 per cent. would get between 70 and 90 per cent of 1933 production.

If the marketing agreement should continue of force beyond 1935, in making allotments for 1936 under the Committee's plan there will be a worse situation than now exists. New processors and new producers of 1935 will have to share in the quantity available for general distribution in 1936, and so ad infinitum if the marketing agreement should remain effective.

Under the substitute plan, after 1935 the basis of allocation becomes automatic, each processor of 1935 sharing in the quantity available for general distribution in the proportion his allotment for 1935 may bear

90 per cent, of their 1932 production.

The substitute plan gives twenty processors who will receive between 80 and 90 per cent, of their 1932 production, and sixty-five who will receive between 70 and 80 percent, of their 1932 production, or a total of eighty-five coming within the range between 70 and 90 per cent, of their 1932 production.

Under the Committee's plan thirty-four processors would be allotted less than 70 per cent.

It will occur to anyone reading this memorandum that for practical purposes the figures showing the number of processors in each class may be treated as percentages, because it so happens that the tabulation covers just one less than 100 processors. On this basis:

Under the Committee's plan 65 per cent. of the processors would get either more than 80 per cent, or less than 70 per cent, of 1932 production, while only forty-six per cent, of the processors would get between 70 and 80 per cent, of 1932 production.

Under the substitute plan only 14 per cent, of the processors would get either more than 80 per cent, or less than 70 per cent, of 1932 production, while 86 per cent. would be between 70 and 80 per cent, of 1932 production.

If the controlling committee should continue of force beyond 1933, in making allotments for 1934 under the Committee's plan there will be a worse situation than now exists. New processors and new producers of 1932 will have to share in the small amount by available for general distribution in 1934, and so and intimating to the controlling committee should result effective.

Under the substitute plan, after 1933 the basis of allocation because substantially, due increase of 1932 showing in the quantity available for general distribution in the proportion for allocation for 1934 and later

to the total of 1935 allotments.

IV.

CONCLUSION

The time to change the basis of allotment is NOW. The Control Committee recognizes this. The Committee realizes that it is out of the question to continue the basis fixed by the marketing agreement itself without bringing wreck and disaster to a large percentage of those engaged in business as processors and producers. And so the Committee has suggested changes which will help here and hurt there. But these suggested changes do not go far or deep enough. The cancer that is eating the very life out of the marketing agreement is the four year average as the basis of allotment. Its operation for a year has demonstrated that it is unfair and inequitable, that it has created indefensible inequalities, that it has caused untold suffering and resentment.

The Committee's plan is to administer a mild opiate to the patient, in the hope that when he wakes up he will feel better, or perhaps will be too weak to cry so loud.

The substitute plan is to cut the cancer out, get rid of it once and for all, and that as promptly as possible.

The Agricultural Adjustment Administration has the power and authority to remedy the great wrong and injustice that have been done. May I be so bold as to suggest that it is the duty of the Administration to act and to act promptly?

If the Administration will notify the industry that it has permitted the four year basis of allotment to be tried for a year and it has proved unsound economically, unfair morally, unequal socially, and unworkable from the practical standpoint; that the Administration is willing,

to the total of 1968 allowable.

IV.

POSSIBILITY

The time to change the basis of allotment is now. The Central Committee recognizes this. The Committee realizes that it is out of the question to continue the basis fixed by the marketing agreement itself without bringing ruin and disaster to a large percentage of those engaged in business as processors and producers. And so the Committee has suggested changes which will help here and hurt there. But those suggested changes do not go far or deep enough. The number that is ruling the very life and of the marketing agreement is the four year average as the basis of allotment. Its operation for a year has demonstrated that it is unfair and inequitable, that it has created indefensible inequalities, that it has caused painful suffering and resentment.

The Committee's plan is to substitute a mild opiate to the patient, in the hope that when he wakes up he will feel better, or perhaps will be too weak to cry as loud.

The substitute plan is to cut the cancer out, get rid of it once and for all, and then be grateful as possible.

The Agricultural Adjustment Administration has the power and authority to remedy the great wrong and injustice that have been done. May I be so bold as to suggest that it is the duty of the Administration to act and to act promptly.

If the Administration will notify the industry that it has permitted the four year average of allotments to be used for a year and it has carefully measured consumer traffic, market, material, and manageable from the practical standpoint that the Administration is willing,

even anxious, to go on with the marketing agreement if the unfairness and inequality now existing should be eliminated and a fair and righteous and workable basis of allotment substituted; and that the Administration will give the industry ten days or two weeks to submit at a public hearing such a plan, and failing to do so the Administration will recommend to the Secretary that the agreement should be terminated at once — if these things should be done, I am willing to stake my all that at the hearing more than one basis of allotment would be submitted that would make tolerable a situation now and in prospect intolerable, and fair and equitable a plan that is now indefensible and unjustifiable.

It is no answer to the arguments herein presented to say that the Committee's plan can be made effective by an amendment to the amended license, without an amendment to the marketing agreement itself.

If that is true then the substitute plan suggested can be made effective in the same manner.

If an amendment to the marketing agreement is necessary to put into effect the substitute plan, then it would be necessary to amend the marketing agreement to put into effect the Committee's plan.

Both plans propose material and substantial changes in the basis of allotment fixed by the agreement. It would be playing fast and loose, blowing hot and cold, to hold that one substantial and material amendment proposed in the basis of allotment lawfully may be made by amendment to the license, without amending the agreement itself, and to hold that another substantial and material amendment proposed in the basis of allotment lawfully may <u>not</u> be made in the same manner. I will not believe the representatives of my Government capable of action based upon such specious reasoning until and unless I am forced to do so.

even anxious, to go on with the marketing agreement if the unfairness and inequality now existing should be eliminated and a fair and righteous and workable basis of allotment substituted; and that the Administration will give the industry ten days or two weeks to submit at a public hearing such a plan, and failing to do so the Administration will recommend to the Secretary that the agreement should be terminated at once -- if these things should be done, I am willing to state my hat at the hearing more than one basis of allotment would be submitted that would make tolerable a situation now and in prospect intolerable, and fair and equitable a plan that is now indefensible and indefensible.

It is no answer to the arguments herein presented to say that the Committee's plan can be made effective by an amendment to the amended license, without an amendment to the marketing agreement itself.

If that is true then the substitute plan suggested can be made effective in the same manner.

If an amendment to the marketing agreement is necessary to put into effect the substitute plan, then it would be necessary to amend the marketing agreement to put into effect the Committee's plan.

Both plans propose material and substantial changes in the basis of allotment fixed by the agreement. It would be playing fast and loose, playing hot and cold, to hold that one substantial and material amendment proposed in the basis of allotment lawfully may be made by amendment to the license, without amending the agreement itself, and to hold that another substantial and material amendment proposed in the basis of allotment lawfully may not be made in the same manner. I will not believe the representatives of my Government capable of action based upon such specious reasoning until and unless I am forced to do so.

It is my own opinion that to authorize the adoption either of the Committee's plan or of the substitute plan would require an amendment to the agreement itself. The agreement is the basic foundation of the license. The agreement is the father, the license the child. Originally it was a legitimate child. It ought not to be made illegitimate.

Respectfully submitted.

President The Downing Company, Inc.

It is my own opinion that to authorize the adoption either of the Committee's plan or of the substitute plan would require an amendment to the agreement itself. The agreement is the basic foundation of the license. The agreement is the father, the license the child. Originally it was a legitimate child. It ought not to be made illegitimate.

Respectfully submitted.

President The Bowling Company, Inc.

Nov. 23, 1934

Presiding Officer,
Hearing on amendments to Marketing Agreement and License for
Gum Turpentine and Gum Rosin Processors,
Jacksonville, Fla.
Dear Sir:

With respect to the finding of an equitable and fair allotment basis for Gum Turpentine and Gum Rosin Processors, I believe that it is very difficult, if not impossible, to devise a satisfactory plan for each processor. It seemed that the average of the productions for the four years 1930 to 1933 should have furnished the most equitable basis for the majority of processors, it is certainly for most of the customers of the Peninsular Naval Stores Company. I recognize, however, that for those processors who made smaller productions in the earlier years and were forced by their timber holdings to increase them in the later years, the four year average plan proved disadvantageous.

When it was obvious that with the advent of a world depression after 1929 smaller crops of Naval Stores were a necessity in order to maintain prices on a level which would not fall below cost of production, we advised our customers not to expand but on the contrary reduce their operations. We did this consistently during the 4 years of 1930 to 1933. Without going into the detail of making small adjustments incident to closing up or shifting some places, you can readily perceive this by noting that we handled -

In 1930	36,565 units
" 1931	34,235 "
" 1932	24,510 "
" 1933	25,145 "

By the end of 1933 it was, however, evident that the places were in urgent need of rehabilitation, that is to say letting them work again more timber. This we could not do under the terms of the Marketing Agreement. We now have a number of places which, under the proposed allotment plans, fall under 200 units, as per attached list. I contend that, with very few exceptions, a processor who owns his still, has houses for his workmen, barn, commissary, glue house, all equipment needed on a turpentine place, cannot continue his operations if his allotment falls below 200 units. I strongly feel that a processor such as I described, should be allowed to process not less than 200 units provided he has the timber and can secure the necessary financial assistance. If this relief is not accorded him, I am convinced that the economic death rate of small processors of whom there now exists a large number, will be appallingly large.

[illegible] Nov. 28, 1934

[illegible] Agricultural Report. [illegible]

Crossling Office,
Meeting on assignments to Matching Lumbermen and Miners for Gum Turpentine and Gum Resin Producers.
Jacksonville, Fla.
Dear Sir:

With respect to the finding of an equitable and fair clearance basis for Gum Turpentine and Gum Resin Producers, I believe that it is very difficult, if not impossible, to devise a satisfactory plan for each producer. It seemed that the average of the productions for four years 1930 to 1933 should have furnished the most equitable basis for the majority of processors, it is certainly for most of the customers of the Tomlinsular Naval Stores Company. I recognize, however, that there producers who made smaller productions in the earlier years and were forced by their timber holdings to increase them in the later years, the four year average plan proved disadvantageous.

When it was obvious that with the advent of a world depression after 1930 smaller crops of Naval Stores were a necessity in order to maintain prices on a level which would not fall below cost of production, we advised our customers not to expand but on the contrary reduce their operations. We did this consistently during the 4 years of 1930 to 1933. Without going into the detail of making small adjustments incident to closing up or shifting some places, you can readily perceive this by noting that we handled -

In 1930	56,000 units
" 1931	54,000 "
" 1932	44,000 "
" 1933	34,000 "

By the end of 1933 it was, however, evident that the places were in urgent need of rehabilitation, that is to say letting them work again more timber. While we could not do under the terms of the blanket agreement. We now have a number of places which, under the proposed allotment plan, fall under 100 units, as per attached list. I contend that, with very few exceptions, a producer who owns his mill, has houses for his workmen, barn, commissary, plus house, all equipment needed on a turpentine place, cannot continue his operations if his allotment falls below 100 units. I strongly feel that a [illegible] or such as I contemplated, should be allowed to process not less than [illegible] units provided he has the timber and can secure the necessary financial assistance. If this relief is not accorded him, I am convinced that the economic death rate of small processors of which there now exists a large number, will be appallingly large.

I invite your serious consideration to this question and indulge the hope that you will see the necessity of embodying the provision as outlined above in the Marketing Quotas of the amended license.

Yours respectfully,

/s/ H. Weibert
President, Peninsular Naval Stores Cy.

W/B

State of Florida,/
County of Duval ,/

I, H. Weibert, being first duly sworn, depose and say,

That I am the party who has signed the foregoing statement and that all or any statements of fact therein contained are true to the best of my knowledge and belief.

/s/ H. Weibert

/s/ [illegible] Williams
Notary.
Notary Public, State of Florida at Large
My commission expires May 22, 1958

/s/ Jacksonville, Fla.
Address

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Hearing Jacksonville, Fla. Exhibit No. 4

Offered by Presiding Officer

Date Nov. 20, 1934.

Reporter F. S. Melberg

	PRODUCTION 1932	FOUR YEAR AVERAGE	ALLOTMENT 1934	ALLOTMENT 1935	ALLOTMENT 86.5 % BASIS
No. 1	117	178	151	134	136
2	614	737	551	520	498
3	1068	831	621	588	722
4	268	404	301	284	280
5	187	180	134	127	138
6	393	513	378	357	328
7	595	473	553	534	320
8	167	244	188	172	150
9	198	259	195	182	167
10	363	453	327	319	299
11	813	1014	748	705	667
12	144	144	108	102	108
13	187	257	192	181	141
14	182	521	134	130	155
15	133	123	91	86	96
16	731	778	582	415	562
17	581	472	552	533	598
18	254	243	181	171	186
19	303	384	264	250	243
20	521	460	343	324	369
21	197	274	203	193	172
22	289	350	261	247	230
23	134	211	157	160	125
24	347	380	254	288	269
25	771	1041	1460	1503	954
26	348	368	424	401	380

	PRODUCTION 1935	FOUR YEAR AVERAGE	ALLOTMENT 1934	ALLOTMENT 1935	ALLOTMENT 80.5 % BASIS
No. 27	330	407	304	287	279
28	377	450	334	312	305
29	233	216	161	158	169
30	225	346	258	244	203
31	335	587	437	414	351
32	250	347	259	245	254
33	541	562	420	397	325
34	334	421	314	297	277
35	280	269	186	175	199
36	350	320	239	226	252
37	194	254	190	179	164
38	427	454	336	318	330
39	951	969	724	685	715
40	383	376	281	265	265
41	171	183	137	129	131
42	190	165	352	145	231
43	217	219	163	155	162
44	300	294	219	207	222
45	272	275	205	194	203
46	68	68	51	48	51
47	161	247	184	174	147
48	122	176	131	124	108
49	718	746	569	538	550
50	524	653	476	450	427
51	575	632	472	446	440
52	410	427	317	300	310

	PRODUCTION 1933	FOUR YEAR AVERAGE	ALLOTMENT 1934	ALLOTMENT 1935	ALLOTMENT 85.5 % BASIS
No. 53	409	502	374	152	335
54	397	370	276	354	287
55	204	179	214	202	178
56	244	321	240	227	207
57	350	459	343	352	296
	20196	23954	18153	16871	16376
Deduct Nos. 25 & 52, which cannot be properly compared, as these processors purchased places from old processors	1180	2143	1854	1655	1289
	19016	21811	16301	15216	15087

T. J. SMITH
Attorney-at-Law
McRae, Ga.

December 5th, 1934.

Crop Reduction Section, Room 4725 South Building, U. S. Dept. Agr.
Agricultural Adjustment Administration,
Washington, D. C.

Gentlemen:-

This letter is addressed for the attention of the Washington authorities that have before them the testimony from the hearing held publicly in Jacksonville, Fla., beginning November 26th relative to amended license and amended allotment basis for processors under the Control Agreement for Processors of Gum Spirits of Turpentine and Gum Rosin.

The writer spent the day of November 26th at said hearing and filed an appearance, but as the question of a new basis of allotment, particularly as regards 1934 new processors, was not reached on that day, I had to return home before the hearing was over, and am herewith submitting a brief, in affidavit form -- 4 copies, to cover in part my objections to the present basis of allotment. As a new processor for 1934 I am very seriously affected. Some of the best minds in the industry advised me that if I did not put in production over eight crops of virgin I would have no difficulty in marketing my production therefrom. As a matter of fact the allotment to me for 1934 covered less than half my production from a minimum six crop operation. The tenative allotment of 171 units to me for 1935, will not be enough to take care of more than 45% of my reasonably and conservatively estimated production for that year, while some of my neighbors, old processors will have more tags than they need, after hanging some new stuff, under their tenative allotments for 1935. There is nothing whatever fair in this. It seems to me the only reasonably fair basis would be to let each processor make the same percentage production, pro rata, on the cups he has hanging at end of 1934 operations. I expect to live up to the agreement in every way, but the present system is working and untold and unjust hardship on me.

IN CONSIDERING THE AMENDED BASIS OF ALLOTMENT, PLEASE BE CERTAIN TO GIVE FULL CONSIDERATION TO THE PLIGHT OF THE 1934 NEW PROCESSOR, AND PLEASE NAME A BASIS THAT WILL PUT HIM ON A PARITY WITH ALL OTHER PROCESSORS.

Yours very truly,

/s/ T. J. Smith
T. J. SMITH
Processor No. 600.

E-EVL.
Copy to: Control Committee Gum
Turpentine and gum Rosin Processors,
Jacksonville, Florida.

Protest as to present method and basis of allotments to Gum Spirits of Turpentine and Rosin Processors, from T. J. Smith, Processor No. 600, McRae, Georgia.

To Control Committee of the Marketing Agreement for Gum Turpentine and Gum Rosin Processors, Jacksonville, Florida and U. S. Secretary of Agriculture, and Agricultural Adjustment Administration, Washington, D. C.

As a new processor in the year 1934, and in which important basic objections the writer can doubtless be heartily joined by all other processors falling in this class, strenuous objection to the tentative allotment made to this processor for the year 1935, is hereby made, for the following reasons, as substantially set forth in my letter to the Control Committee under date of November 10, 1934:

1. The present allotment basis to 1934 new processors is unreasonable, unfair, unjust and wholly inequitable.

2. The tenative allotments made place such processors nowhere near a parity basis for production with processors operating prior to 1934, based on probable production from present cuppage of each, certain old operators are receiving tenative allotments 100% greater pro rata, for 1935, than are 1934 new processors.

3. This operator was encouraged by some of the best minds in the industry to go ahead and commence operations late during the past winter.

4. He was given every reasonable assurance by the new Secretary of the Control Committee, and for whose integrity, sincerity and good judgment the entire industry has the highest regard, that if no more than eight crops of virgin were hung, not the slightest difficulty would be experienced in the marketing of same.

Product as to present method and basis of allotments to Gum Spirits of Turpentine and Rosin Processors, from T. J. Smith, Processor No. 600, Hahne, Georgia.

To Control Committee of the Marketing Agreement for Gum Turpentine and Gum Rosin Processors, Jacksonville, Florida and U. S. Secretary of Agriculture, and Agricultural Adjustment Administration, Washington, D. C.

As a new processor in the year 1934, and in which important benefits the writer can doubtless be heartily joined by all other processors failing in this class, strenuous objection to the tentative allotment made to this processor for the year 1935, is hereby made, for the following reasons, as substantially set forth in my letter to the Control Committee under date of November 10, 1934:

1. The present allotment basis to 1934 new processors is unreasonable, unfair, unjust and wholly inequitable.

2. The tentative allotments made place most processors operating next a parity basis for production with processors operating prior to 1934, based on probable production from present acreage of crop, certain old operators are receiving tentative ad. stments 1000 gallon pro rata, for 1935, than are 1934 new processors.

3. This opens the door to favoritism by some of the best states in the industry to go ahead and commence operations late during the good weather.

4. He was given every reasonable assurance by the new Secretary of the Control Committee, and for whom integrity, sincerity and good judgment the entire industry has the highest regard, that if no more than eight crops of virgin pore from, not the slightest difficulty would be experienced in the marketing of same.

5. Similar assurances were received in Jacksonville, Florida from leading representatives of two of the largest factorage houses in business, the official of one of them later inspecting this processor's property and setting forth the terms on which his firm would be glad to have the factorage account.

6. But this processor did not hang eight crops but only six crops as a minimum operation, and finally was allotted only a little more than 42% of the estimated first year production.

7. Heavy indebtedness was incurred in getting the best type equipment, heavy new cups and aprons, good shanties, two-collar still, gravity plant, set according to government recommendations and specifications, and under such supervision.

8. Processor has available and owned by him also additional timber sufficient to carry on eight crops operation without additional overhead expense per crop.

9. This operation has been during the past year on the six crops and on a strictly minimum basis and cannot be cut in half and the operation carried on at all.

10. On the other hand, heavy indebtedness and heavy financial obligations incurred in setting up this operation and otherwise will not permit cessation of operations by this processor.

11. An operator already on a strictly minimum basis should not be cut under any circumstances, particularly when three per cent of total year's production in 1934 was set aside as being wholly ample to take care of such new processors markets and new processors as in this case were accordingly advised that such was true and proven by the history of the industry for past years.

5. Similar assurances were received in Jacksonville, Florida from leading representatives of two of the largest factorage houses in America, the official of one of them later inspecting this processor's property and setting forth the terms on which his firm would be glad to have the factorage account.

6. But this processor did not hang eight crops but only six crops on a machine operation, and finally was allotted only a little more than 40% of the estimated first year production.

7. Heavy indebtedness was incurred in getting the best type equipment, heavy new cops and aprons, good sanitation, two-outlet well, gravity plant, not according to government recommendations and specifications, and undue much supervision.

8. Processor has available and owned by him also additional tinder sufficient to carry on eight crops operation without additional overhead expense per crop.

9. This operation has been during the past year on the six crops and on a strictly minimum basis and cannot be cut in half and the operation carried on at all.

10. On the other hand, heavy indebtedness and heavy financial obligations incurred in setting up this operation and otherwise will not permit cessation of operations by this processor.

11. An operator already on a strictly minimum basis should not be cut under any circumstances, particularly when three per cent of total year's production in 1934 was not made as being wholly unable to take care of such new processors markets and new processors as in this case were accordingly advised that such was true and proven by the history of the industry for past years.

12. Because the shortage of tags during the past year has entailed endless worry, trouble, delay and very undue hardships, anxiety and unnecessary expense, 1934 new processors have had to beg, borrow and buy tags, all at great expense, loss of time and at much trouble to themselves.

13. Because this processor's cupping and general set-up is in keeping and accord with good practices in the industry and forestry department recommendations.

14. Because it is manifestly unfair that a new 1934 processor should receive tags from Control Committee to cover less than one-half his production, while a neighbor nearby receives more than enough tags to cover his total requirements, and based on the total potential production from their respective operations, more than twice the proportion of tags received by the 1934 processor.

15. Because, from late hanging of virgin by 1934 new processors, as in the instant case, production in 1935 from same cuppage yearling, should be much greater than from 1934 virgin.

16. Because for 1935 this processor has been tenatively allotted only a little over one-third, (or 171 units) of the reasonable total allocation of 496 units applied for.

17. Because production by this operator in 1935 should be substantially more than twice the total tenative allotment of 171 units made, and because such operator will be compelled to sell and dispose of nearly all his production to enable him to keep operating with his minimum six-crop place.

18. Finally, because of heavy indebtedness, before mentioned, this operator is going to have to sell the stuff produced, and likewise he is going to have to keep operating to produce the stuff, it never having been the intent of the industry of control committee or any authorities connected

12. Because the shortage of tags during the past year has entailed an-
noy worry, trouble, delay and very undue inconvenience, anxiety and unnecessary
expense, 1954 new processors have had to beg, borrow and buy tags, all at
great expense, loss of time and at much trouble to themselves.

13. Because this processor's keeping and general set-up is in keeping and
accord with good practices in the industry and Brewery department recom-
mendations.

14. Because it is manifestly unfair that a new 1954 processor should re-
ceive tags from Control Board to cover less than one-half his production,
while a neighbor nearby receives more than enough tags to cover his total re-
quirements, and based on the total potential production from their respective
operations, more than twice the proportion of tags received by the 1954 pro-
cessor.

15. Because, from late beginning of vinegar by 1954 new processors, as in the
instant case, production in 1955 from same suppose yeasting, should be much
greater than from 1954 vinegar.

16. Because for 1955 this processor has been tentatively allotted only a
little over one-third, (or 171 units) of the reasonable total allocation of
450 units applied for.

17. Because production by this operator in 1955 should be substantially
more than twice the total tentative allotment of 171 units made, and because
such operator will be compelled to sell and dispose of nearly all his pro-
duction to enable him to keep operating with his minimum six-crop ribbon.

18. Finally, because of heavy indebtedness, before mentioned, this oper-
ator is going to have to sell the stuff produced, and likewise he is going
to have to keep operating to produce the stuff. It never having been the
intent of the industry of control committee or any authorities connected

therewith that the new 1934 processor should be so unduly, unfairly, unjustly and unlawfully ? discriminated against.

These objections prepared respectfully submitted at hearing at Mayflower Hotel, Jacksonville, Florida the 28th day of November, 1934, and forwarded to Washington, D. C. in quadruplicate.

/s/ T. J. Smith

T. J. Smith, Processor No. 600

McRae, Georgia.

/s/Sworn to and subscribed before me
this Dec. 5, 1934.
Robbie Liggett, N. P. Can. G. A. L.
My Commission Expires July 24, 1937.

BEFORE THE AGRICULTURAL ADJUSTMENT ADMINISTRATION

Gum Turpentine and Gum Rosin Processors.

In the matter of

Proposed New Marketing
Agreement and Proposed
Amended License.

BRIEF SUBMITTED BY MILLARD REESE,
PRESIDENT OF THE DOWNING COMPANY, INC.,
BRUNSWICK, GEORGIA, FOLLOWING PUBLIC
HEARING AT JACKSONVILLE, FLORIDA, NOV-
EMBER 26-28, 1934.

BEFORE THE AGRICULTURAL ADJUSTMENT ADMINISTRATION.

Gum Turpentine and Gum
Rosin Processors.

In the matter of

Proposed New Marketing Agreement and Proposed Amended License.

BRIEF SUBMITTED BY MILLARD REESE, PRESIDENT OF THE DOWNING COMPANY, INC., BRUNSWICK, GEORGIA, FOLLOWING PUBLIC HEARING AT JACKSONVILLE, FLORIDA, NOVEMBER 26-28, 1934.

I.

Reference is made to a memorandum which was submitted by the author to officials of the Agricultural Adjustment Administration in Washington on October 31, 1934. It would serve no good purpose to repeat here the arguments submitted in that memorandum, showing the gross inequalities created by the basis of allotment contained in the present marketing agreement and license, the inadequacy of the relief that would be afforded by the modifications proposed by the Control Committee, and the advantages of the substitute plan proposed which has come to be generally known as the "Reese plan."

Indeed, it seems now to be conceded with general unanimity that the substitute plan should be adopted. Some amendments have been proposed and this brief will be devoted largely to a discussion of what amendments by the substitute method.

to the substitute plan ought to be adopted.

II.

The author has just received from the Control Committee a tabulation made up at the request of the Hearing Committee and the Control Committee, entitled "Comparison of Allotments by Reese and Present Method by Percentage Groups of 1933 Production."

The basis of the comparison was as agreed at a conference following the adjournment of the public hearings on Wednesday, November 28th, at which several members of the Hearing Committee, a majority of the members of the Control Committee and Mr. Speh, its Secretary, and the author, were present.

In order to make the comparison of the two plans as fair as possible it was agreed that the following deductions should be made in each instance from the total of 450,000 units fixed as the quantity to be marketed in 1935:

(a)-3 per cent. for new processors of 1935.

(b)-1 per cent. for new producers of 1935.

(c)-5 per cent. for equalization.

(d)-The same total figure (40,950) to represent participation of old producers or gum sellers.

(e)-And the same quantity (something over 15,000) to represent the participation of new processors of 1934 in the 1935 distribution.

From the tabulation received this morning from the Control Committee it appears that it was made up on the basis stated. A summary appearing on the tabulation shows that 192 processors would receive the same allotment by both methods; that 1389 processors would receive 20,100 units more by the substitute method, and that 611 processors would receive 20,098 units less by the substitute method.

to the substitute plan ought to be adopted.

II.

The author has just received from the Control Committee a tabulation made up at the request of the Hearing Committee and the Control Committee, entitled "Comparison of Allotments by Lease and Pooling Method by Percentage Groups of 1932 Production."

The basis of the comparison was as agreed at a conference following the adjournment of the public hearings on Wednesday, November 16th, at which several members of the Hearing Committee, a majority of the members of the Control Committee and Mr. Mack, the Secretary, and the author, were present.

In order to make the comparison of the two plans as fair as possible it was agreed that the following deductions should be made in each instance from the total of 480,000 units fixed as the quantity to be marketed in 1932:

(a)-5 per cent. for new producers of 1932.

(b)-1 per cent. for new producers of 1930.

(c)-5 per cent. for equalization.

(d)-The same total figure (40,000) to represent participation of old producers on pro rata.

(e)-And the same quantity (something over 15,000) to represent the participation of new producers of 1931 in the 1932 distribution.

From the tabulation received this morning from the Control Committee it appears that it was made up on the basis stated. A summary appearing on the tabulation shows that 192 producers would receive the same allotment by lease methods, but 1[illegible] producers would receive 8[illegible] units more by the quantity method, and 1[illegible] producers would receive [illegible] units less by the quantity method.

This digest is illuminating and helpful, but of course it was not intended to show all of the salient and important facts that will be revealed by a close study of the tabulation.

The tabulation would be much more helpful and enlightening if it showed a digest of all of the information assembled. For instance, in showing the number of processors who would receive less than 40 per cent. of 1933 production under the two plans, it would be decidedly better if the tabulation showed not only the number of processors falling within that bracket with the number of units they produced in 1933, but the number of units the same processors would receive for 1935 under each method; and so with every other bracket.

In the statements made to the Hearing Committee in advocating the substitute plan, I tried to make it clear that unless exceptional circumstances existed the great majority of distress cases would develop among those processors who received allotments for 1935 representing less than 70 per cent. of their 1933 production.

Consolidating the figures shown on the Committee's tabulation, we have the following striking comparisons:

Under the "Basse method" 327 processors, whose total production for 1933 was 84,573 units, would receive as their allotments for 1935 70 per cent. or less of their 1933 production. The total number of processors shown on the tabulation is 1780 and the total production 454,062. The 327 processors represent 18.37 per cent. of the 1780 processors shown. The 84,573 units represent 18.62 per cent. of the total of 454,062 units shown.

On the other hand, under the tentative allotment we find a total of 713 processors, who would receive for 1935 70 per cent. or less of their 1933 production, and these processors represent a total of 179,869 units.

This digest is illuminating and helpful, but of course it was not intended to show a 1 of the salient and important facts that will be revealed by a close study of the tabulation.

The tabulation would be much more helpful and enlightening if it made a digest of all of the information embodied. For instance, in showing the number of processors who would receive less than 40 per cent. of 1950 production under the new plans, it would be decidedly better if the tabulation showed not only the number of processors falling within that bracket with the number of units they produced in 1950, but the number of units the same processors would receive for 1950 under each method; and so with every other bracket.

In the statements made to the Hearing Committee in advancing the committee plan, I tried to make it clear that unless exceptional circumstances existed the great majority of allotment cases would develop among those processors who received allotments for 1950 representing less than 70 per cent. of their 1950 production.

Consolidating the figures shown on the Committee's tabulation, we have the following existing allotments:

Under the "method" 387 processors, whose total production for 1950 was 84,272 units, would receive as their allotments for 1955 70 per cent. or less of their 1950 production. The total number of processors shown on the tabulation is 1780 and the total production 884,000. The 387 processors represent 18.37 per cent. of the 1780 processors shown. The 84,272 units represent 18.88 per cent. of the total of 884,000 units shown.

On the other hand, under the corrective allotments we find a total of 718 processors, who would receive for 1955 70 per cent. or less of their 1950 production, and those processors represent a total of 172,000 units.

Reduced to percentages this means that this group would represent 40 per cent. of the total number of processors and 39.61 per cent. of the total production shown.

In other words, under the "Reese method" approximately 18 per cent. of processors, representing approximately 18 per cent. of production, would fall within the class that would be prima facie in distress; while under the tentative allotment 40 per cent. of the total number of processors, representing approximately 40 per cent. of production, would prima facie present distress cases.

But in the range between 71 and 90 per cent. of 1933 production, we find the following situation:

(a)-Under the "Reese method:" 1232 processors, representing total production of 335,171 units; or, expressed in percentages, 69 per cent. of processors shown representing 73.8 per cent. of total production shown.

(b)-Under the tentative allotment: 383 processors, representing 195,443 units; or, expressed in percentages, 38.37 per cent. of processors shown representing 43.04 per cent. of total production shown.

The total crop fixed for 1935 is 450,000 units. After making the deductions amounting to 9 per cent., we have left 409,500 units. Assuming that the total 1933 crop was 516,000 units, the figure used by the Control Committee in fixing the quantity to be marketed in 1934, 409,500 is 79.36 per cent. of the total crop for 1933. In other words, upon the assumption stated, if distribution for 1935 should be made on a basis of 1933 production, each processor would receive 79.36 per cent. of his 1933 production.

But Secretary Speh stated in his letter to the author of October 30, 1934, that total production for 1933 was 528,000 units plus. If the latter statement is correct then we find by dividing 528,000 into 409,500 that the percentage of his 1933 production which each processor would receive for

Reduced to percentages this means that this group would [illegible] cent. of the total number of processors and 80.61 per cent. of the total product as above.

In other words, under the "Keene method" approximately 18 per cent. of processors, representing approximately 19 per cent. of production, would fall within the class that would be given tracts in distress; while under the tentative allotment 40 per cent. of the total number of processors, representing approximately 40 per cent. of production, would argue tracts present distress cases.

But in the range between 71 and 90 per cent. of 1936 production, we find the following situation:

(a)-Under the "Keene method:" 1888 processors, representing total production of 388,171 units; or, expressed in percentages, 38 per cent. processors above representing 78.8 per cent. of total production shown.

(b)-Under the tentative allotment: 888 processors, representing 188,448 units; or, expressed in percentages, 38.37 per cent. of processors above representing 44.04 per cent. of total production shown.

The total crop timed for 1938 is 400,000 units. After making the deductions according to 1 per cent., we have left 400,000 units. Assuming that the total 1938 crop was 310,000 units, the figure used by the Control Committee in fixing the quantity to be marketed in 1938, 308,000 is 99.38 per cent. of the total crop for 1938. In other words, upon the assumption stated, if distribution for 1938 should be made on a basis of 1938 production, each processor would receive 79.38 per cent. of his 1938 production.

But Secretary Cook stated in his letter to the author of October 30, 1934, that total production for 1936 was 388,000 units plus. If the latter statement is correct then we find by dividing 388,000 into 408,000 that the percentage of his 1938 production which each processor would receive for

1935, if allotments were to be made upon a basis of 1933 production, would be 77.55.

It is submitted, therefore, that where allotments for 1935 fall within the range of 71 to 90 per cent. of 1933 production there is no undue hardship or distress created, unless in exceptional cases. This is particularly true when it is remembered that the substitute plan does not accept 1933 production as the basis of allotment, but gives recognition to production for the years 1930, 1931 and 1932, as well as 1933.

It also is important to note that under the "Reese method" a total of 220 processors, or 12.33 per cent. of the total number of processors shown (1780), representing a total production of 34,318 units, or 7.56 per cent. of the total production shown (454,062), would receive in excess of 90 per cent. of 1933 production as their allotments for 1935.

As against this we find under the tentative allotment 384 processors representing a total production of 77,770 units, who would receive in excess of 90 per cent. of 1933 production as their allotments for 1935. Reduced to percentages this means that under the tentative allotment made, 17.13 per cent. of the total number of processors shown would receive in excess of 90 per cent. of their 1933 production, and that these processors represent 21.57 per cent. of the total 1933 crop.

However desirable it would be to reduce as far as possible the number of processors who may fatten at the expense of the great rank and file of processors, it still remains true that the plan which reduces the percentage of such processors from 17.13 to 7.56 is greatly to be desired, especially when the same plan reduces from 21.7 per cent. to 12.36 per cent. the number of units represented by the favored class.

It is confidently believed that the more carefully the operation of the two plans of allotment under consideration are studied, the more con-

1950, if allotments were to be made upon a basis of 1950 production, would be 77.85.

It is submitted, therefore, that where allotments for 1955 fall within the range of 71 to 90 per cent, of 1950 production there is no undue hardship or distress created, unless in exceptional cases. This is particularly true when it is remembered that the substitute plan does not accept 1955 production as the basis of allotment, but also considers in computing the two years 1950, 1951 and 1952, as well as 1953.

It also is important to note that under the "Dunn method" a total of 320 processors, or 12.55 per cent, of the total number of processors shown (1750), representing a total production of 24,312 units, or 7.55 per cent, of the total production shown (464,000), would receive in excess of 90 per cent, of 1952 production as their allotments for 1955.

As against this we find under the tentative allotment 554 processors representing a total production of 77,770 units, who would receive in excess of 90 per cent, of 1955 production as their allotments for 1955. Reduced to percentages this means that under the tentative allotment made, 17.12 per cent, of the total number of processors shown would receive in excess of 90 per cent, of their 1955 production, and that these processors represent 21.57 per cent, of the total 1955 crop.

However desirable it would be to reduce as far as possible the number of processors who may fatten at the expense of the great mass and file of processors, it still remains true that the plan which reduces the percentage of such processors from 17.12 to 7.55 is greatly to be desired, especially when the same plan reduces from 21.7 per cent, to 12.55 per cent, the number of units represented by the favored class.

It is confidently believed that the more carefully the operation of the two plans of allotment under consideration are studied, the more con-

vinced any fair and unprejudiced mind will become that the substitute plan suggested is decidedly better than the existing plan with the modifications recommended by the Control Committee.

III.

Everybody in the industry now recognizes that there should be some quantity set aside for use by the Control Committee in its discretion for the purpose of equalization, or relieving cases of undue hardship and distress.

One very valid criticism of the original marketing agreement was that the basis of allocation was too rigid and inflexible and did not take into account the inescapable fact that cases demanding relief would arise under any plan of allocation.

In framing a new plan it would be well to avoid going to the other extreme and providing too large a quantity to be distributed for equalization or relief. The more nearly equal the distribution can be made, as a matter of right to processors, the better satisfied the industry as a whole will be, and the less occasion there will be for the exercise of grace upon the part of the Control Committee in handling an equalization or relief supply.

One of my pet truisms is that everything in life is relative or comparative. A man with only one arm and one leg is in a distressed situation as compared with a man who has both arms and both legs; but compared with a man who has lost both arms and both legs the man with one arm and one leg is most fortunate.

As already suggested, I take the position that a processor whose allotment for 1935 will not be less than 70 per cent. of his 1933 production does not, prima facie, present a distress case. Compared to the man whose allotment is 150 per cent. of his 1933 production, of course the man who

viewed by fair and unprejudiced mind will become that the substitute plan suggested is decidedly better than the existing plan with the modifications recommended by the Control Committee.

III.

Everybody in the industry now recognizes that there should be some quantity set aside for use by the Control Committee in its discretion for the purpose of equalization, or relieving cases of undue hardship and distress.

One very valid criticism of the original marketing agreement was that the basis of allocation was too rigid and inflexible and did not take into account the incomparable fact that cases demanding relief would arise under any plan of allocation.

In drawing a new plan it would be well to avoid going to the other extreme and providing too large a quantity to be distributed for equalization or relief. The more nearly equal the distribution can be made, as a matter of right to producers, the better satisfied the industry as a whole will be, and the less occasion there will be for the exercise of grace upon the part of the Control Committee in handling an equalization or relief supply.

One of my pet truisms is that everything in life is relative or comparative. A man with only one arm and one leg is in a distressed situation as compared with a man who has both arms and both legs; but compared with a man who has lost both arms and both legs the man with one arm and one leg is most fortunate.

If already in 1933, I can foresee, the allotment for 1933 will not be less than 70 per cent. of his 1932 production does not, prima facie, present a distress case. Compared to the man whose allotment is 150 per cent. of his 1932 production, of course the man who

receives an allotment of only 70 per cent. of his 1933 production would present, prima facie, a distress case; but compared to a man whose allotment is less than 50 per cent. of his 1933 production, the one who receives 70 per cent. fares well.

It is apparent, therefore, that the larger the equalization supply is to be, the more distress cases are bound to develop. This is true because if a substantial quantity that might be distributed in accordance with the formula adopted, regardless of what the formula may be, is not to be distributed in that manner, more cases of actual distress will be created. And if the quantity reserved for equalization is unduly large, the more theoretical cases of distress will be created because here will be a supply that every processor who may be in position to produce more than his allotment will feel authorized to make an effort to share in, if possible.

The substitute plan proposed setting aside 2 per cent. of the total crop for equalization. It was felt that 2 per cent. under the substitute plan really amounted to more than the 5 per cent. set aside under the Committee's plan. It was felt that this is true for the following reasons:

1.-Under the substitute plan the distribution would be fairer and more equal and would give many processors as a matter of right a sufficient additional quantity to relieve what otherwise would be distress; and

2.-The substitute plan as submitted carried for the new processors of 1934 in excess of 7100 units more than carried by the Committee's plan; and

3.-The substitute plan as submitted eliminated preferential treatment on account of existing leases requiring the working of a minimum number of crops, except to the extent such preferential treatment entered into the allotments for 1934, which allotments in turn entered into the base figures from which the marketable percentage of each processor would be determined; and

receive an allotment of only 70 per cent. of his 1924 production would present, prima facie, a distress case; but compared to a man whose allotment is less than 50 per cent. of his 1924 production, the one who receives 70 per cent. fares well.

It is apparent, therefore, that the larger the equalization supply is to be, the more distress cases are bound to develop. This is true because if a substantial quantity that might be distributed in accordance with the formula adopted, regardless of what the formula may be, is not to be distributed in that manner, more cases of actual distress will be created. And if the quantity reserved for equalization is unduly large, the more theoretical cases of distress will be created because here will be a supply that every producer who may be in position to produce more than his allotment will feel authorized to make an effort to share in, if possible.

The substitute plan proposed setting aside 5 per cent. of the total crop for equalization. It was felt that 5 per cent. under the substitute plan really amounted to more than the 5 per cent. set aside under the Committee's plan. It was felt that this is true for the following reasons:

1.--Under the substitute plan the distribution would be fairer and more equal and would give many producers as a matter of right a multitude additional quantity to pellets that otherwise would be distress; and

2.--The substitute plan as amended carried for the new producers of 1924 in excess of 7100 acre more than carried by the Committee's plan; and

3.--The substitute plan as amended eliminated preferential treatment on account of existing leases requiring the working of a minimum number of years, except to the extent such preferential treatment entered into the allotments for 1924, which allotments in turn entered into the base figures from which the entire total percentage of each producer would be determined;

and

4.-The substitute plan provided that all unused tags should be turned back to the Control Committee during the year and should be added to the equalization supply.

However, there was a feeling upon the part of some members of the Control Committee that the substitute plan, if adopted, should provide for 5 per cent. of the total crop to be used as an equalization supply. When this suggestion was made I pointed out that in that event the comparative statement to be worked up by the Control Committee, in order to be fair to the substitute plan, should change the treatment of the new processors of 1934 to the same basis they would occupy under the Committee's plan; and since the base figures upon which the marketable percentage of each processor would be calculated under the two plans would be substantially different, the only way to make a fair comparison of the two plans would be to deduct from the total quantity to be marketed the same number of units to represent the participation of the new processors of 1934 in the distribution to be made for 1935.

If it should be decided to adopt the substitute plan, but to increase the equalization supply from 2 to 5 per cent., and to include in the substitute plan the same quantity for new processors of 1934 carried by the Committee's plan, the situation presented will require careful consideration.

In the first place language will have to be framed defining the basis of participation of the new processors of 1934 in the distribution for 1935. In this connection it is suggested that Section 1 of the substitute plan should be amended by making paragraph (d) paragraph (e), and inserting a new paragraph (d) as follows:

"(d)-The fixed quantity of _____ units to represent the participation in the 1935 distribution of those who were new processors in 1934. This quantity shall be distributed among those who were new processors in

4.-The substitute plan provided that all unused tea should be turned back to the Control Committee during the year and should be added to the equalization supply.

However, there was a feeling upon the part of some members of the Control Committee that the substitute plan, if adopted, should provide for 5 per cent. of the total crop to be used as an equalization supply. Upon this suggestion was made I pointed out that in that event the comparative statement to be worked up by the Control Committee, in order to be fair to the substitute plan, should change the treatment of the new processors of 1924 to the same basis they would occupy under the Committee's plan; since the base figures upon which the relative percentage of each processor would be calculated under the two plans would be substantially different, the only way to make a fair comparison of the two plans would be to deduct from the total quantity to be marketed the same number of units to represent the participation of the new processors of 1924 in the distribution to be made for 1925.

If it should be decided to adopt the substitute plan, but to increase the equalization supply from 3 to 5 per cent., and to take care in the substitute plan the same quantity for new processors of 1924 carried by the Committee's plan, the situation presented will require careful consideration.

In the first place language will have to be framed defining the basis of participation of the new processors of 1924 in the distribution for 1925. In this connection it is suggested that Section 1 of the substitute plan should be amended by adding paragraph (d) paragraph (c), and inserting a new paragraph (d) as follows:

"(d)-The fixed quantity of _____ units to represent the participation in the 1925 distribution of those who were new processors in 1924. This quantity shall be distributed among those who were new processors in

1934 in accordance with their respective allotments for the last nine months of 1934, eliminating from consideration any additional tags that may have been awarded to such processors during 1934 to relieve or alleviate situations of distress."

Section 2 of the substitute plan should be made to read as follows:

"Sec. 2.-Those applicants who were old processors in 1934 shall have distributed among them as hereinafter set out the total quantity to be marketed during 1935 that will remain after making the deductions fixed in Sec. 1."

Section 3 should be amended by striking in the first and second lines the words " and those who were new processors."

Section 3 should be further amended by striking paragraph (b).

Section 3 should be further amended by striking paragraph (d) and inserting in lieu thereof the following:

"(d)-The quantity ascertained as provided in Section 2 above will be known as C."

Section 3 should be further amended by striking in the second line of paragraph (e) the words "and new."

Section 7 should be amended by striking paragraph (a) and substituting therefor the following:

"(a)-The same deductions specified in paragraphs (a), (b) and (c) of Section 1 shall be made from the total quantity authorized to be marketed, and the remainder shall be the quantity available for general distribution."

It is believed that the amendments suggested would take care of the treatment to be given the new processors of 1934, in the event it should be decided to accord such processors the treatment recommended by the Committee.

In this connection, however, it has to be recognized that the treatment of the new processors of 1934 recommended by the Committee necessarily

will mean that a number of distress cases will exist among them during 1935. And there ought to be at least a tacit understanding between Washington and the Control Committee as to the treatment which will be accorded the new processors of 1934 who may find themselves in distress.

If it is decided to increase the equalization supply carried by the substitute plan, the only change necessary will be in paragraph (c) of Section 1. There "2" should be stricken and in lieu thereof there should be inserted "5" or whatever other percentage it may be decided should be allowed for equalization.

IV.

At the hearing I offered an amendment to the substitute plan providing that the Control Committee should have the right to give preferential treatment to processors holding leases carrying provisions requiring the working of a minimum number of crops, etc.

This amendment was offered before the suggestion was made that the equalization percentage should be increased. If the equalization supply is to be increased, certainly any quantity used to take care of these preferential leases ought to come out of the equalization supply. Approx. 2100 units were used for preferential treatment during 1934. It seems reasonable, therefore, to suggest that if this amendment is to be adopted there should be a provision added requiring that the quantity to be used for such cases shall not exceed 1/2 of 1 per cent. of the total crop and shall come out of the equalization supply.

My own opinion still is this: It is hard, if not impossible, to justify giving divided ownership of the fee simple title to lands greater rights than given to undivided ownership. To illustrate: Under the present marketing agreement, where A, the owner of lands, executed to B, prior to September 14, 1935, a lease requiring B to work a minimum number of crops

will mean that a number of diffrent crops will yield among them during 1956, and there ought to be at least a fair understanding between Sunlaxton and the Control Committee as to the treatment which will be accorded the new processors of 1956 who may find themselves in difficulties.

If it is decided to increase the equalization supply authorized by the substitute plan, the only change necessary will be in paragraph (a) of Section 1. There "2" should be stricken and in lieu thereof there should be inserted "3" or whatever other percentage it may be decided should be adopted for equalization.

IV.

At the hearing I offered an amendment to the substitute plan providing that the Control Board then should have the right to give preferential treatment to processors holding leases covering specified areas regardless of the number of crops, etc.

This amendment was offered before the suggestion was made that the equalization percentage should be increased. If the equalization supply is to be increased, certainly any quantity used to take care of these preferential leases ought to come out of the equalization supply. Approximately 2100 units were used for preferential treatment during 1954. It seems reasonable, therefore, to suggest that if this amendment is to be adopted there should be a provision added requiring that the quantity to be used for such cases shall not exceed 1/2 of 1 per cent. of the total crop and shall come out of the equalization supply.

My conclusion until to date is that, if not impossible, to justly divide divided ownership of the too single title to lands greater rights than given to undivided ownership. To illustrate: Under the present marketing agreement, where A, the owner of lands, conveyed to B, prior to September 14, 1955, a lease requiring B to work a minimum number of crops

of turpentine cups each year over a period of years not yet expired, B is entitled to claim preferential treatment in his allotment. Ordinarily such leases are on a percentage basis, that is, the land-owner receives a certain percentage of the turpentine and rosin produced. C may own the same acreage as A. If he had none of his timber under lease, but was working any of his timber for turpentine and rosin, even a small part of it, he is a processor and can claim an allotment on that basis only. If he neither had his timber under lease, nor was working any part of it, he has to claim an allotment, if at all, as a new processor.

If the marketing agreement can so circumscribe the rights of the land-owner who has no lease outstanding, certainly it ought to be able to circumscribe the rights of those interested where the land-owner has a lease outstanding. If the marketing agreement can bind the man who owns both land and timber, it ought to bind the two men, who own, together, land and timber. It ought to be regarded as a vis major, preventing the lessee from performing his contract as written, and excusing him for his failure to perform.

Assuming, as we must, the legality of the marketing agreement, it is hard to see what a land-owner would gain by cancelling one of these preferential leases, even if he had the right to do so. Certainly he could not hope to come in as a new processor himself and get anything like the allotment his lessee enjoys. Nor could he hope to find another processor with an allotment sufficiently large to enable him to take such a tract under lease and produce more than the present lessee will be permitted to produce. And, finally, where such leases are on a percentage basis it is just as much to the benefit of the land-owner to balance production with consumption as it is of the consumer, and the higher price that it is expected will be received should compensate the land-owner in dollars for whatever production he may have to give up. If the lease is not on a percentage basis but is to be paid for by the number of cups hung and worked, where

of turpentine cups each year over a period of years not yet expired, it is entitled to claim preferential treatment in his allotment. Ordinarily such leases are on a percentage basis, that is, the land-owner receives a certain percentage of the turpentine that gum is produced. I may own the same acreage as A. If he had none of his timber under lease, but was working any of his timber for turpentine and rosin, even a small part of it, he is a producer and can claim an allotment on that basis only. If he neither had his timber under lease, nor was working any part of it, he has to claim an allotment, if at all, as a new producer.

If the marketing agreement can so circumscribe the rights of the land-owner who has no lease outstanding, manifestly it ought to be able to circumscribe the rights of those distressed where the land-owner had a lease outstanding. If the marketing agreement can bind the man who owns both land and timber, it ought to bind the two men, who own, together, land and timber. It ought to be regarded as a via media, preventing the lessee from performing his contract as written, and excusing him for his failure to perform.

In an Appendix, as we read, the legality of the marketing agreement, it is hard to see what a land-owner would gain by cancelling one of these preferential leases, even if he had the right to do so. Certainly he could not hope to come in as a new producer himself and get anything like the allotment his lessee enjoys. Nor could he hope to find another producer with an allotment sufficiently large to enable him to take such a three under lease and produce more than the present lessee will be permitted to produce. And, finally, where such lessee has on a percentage basis it is that as much to the benefit of the land-owner to increase production with consumption as it is of the consumer, and the higher price that it is expected will be received should compensate the land-owner in dollars for whatever production he may lose in gum-rosin. If the lease is not on a percentage basis but is to be paid for by the gallon or some other unit, some

the lessee is not permitted to hang the minimum number of cups prescribed the land-owner still has his timber. The marketing agreement has said to the producing company in which I am interested and to all other owners of land in fee simple: "While we will not permit you to produce more than your allotment, we are not taking your property because you still have it."

V.

The amendment proposed requiring the Control Committee to make public all allotments is sound and salutary and ought to be incorporated.

The amendment proposed requiring the Control Committee to make public the disposition made of the equalization supply likewise is sound and salutary and ought to be adopted.

It is a mistake to undertake to surround the acts of the Control Committee with secrecy. If the policy of regulation, or regimentation, or control, or whatever one may please to term it, has any chance of success, the things done by the directing agencies of a given industry must be done in the open and exposed to scrutiny of all interested. General Johnson's metaphor of the goldfish bowl, used in the early days of NRA, was characteristic and striking. If we are to put an industry under regimentation it ought to be a part of the program to put it in the goldfish bowl.

VI.

The preparation of this brief necessarily is hurried on account of the digest of the Control Committee's tabulation not having been received until December 6th. It is impossible to discuss all matters that perhaps should be discussed. It is believed that the more important have been mentioned.

If I can render any further assistance to the officials having the responsibility of the decision in this matter it will be a pleasure to me

the lessee is not permitted to hang the minimum number of cups prescribed the land-owner still has his timber. The marketing agreement has said to the producing company in which I am interested and to all other owners of land in Tex simply: "While we will not permit you to produce more than your allotment, we are not taking your property because you still have it."

V.

The amendment proposed requiring the Control Committee to make public all allotments is sound and military and ought to be incorporated.

The amendment proposed requiring the Control Committee to make public the disposition made of the quantities of supply likewise is sound and military and ought to be adopted.

It is a mistake to undertake to surround the Area of the Control Committee with secrecy. If the policy of "equalization", or "equivalent", or control, or whatever one may please to term it, has any chance of success, the things done by the directing agencies of a great industry must be done in the open and exposed to scrutiny of all interested. General Johnson's metaphor of the goldfish bowl, used in the early days of NRA, was characteristic and striking. If we are to put an industry under regimentation it ought to be a part of the program to put it in the goldfish bowl.

VI.

The preparation of this brief necessarily is hurried on account of the digest of the Control Committee's tabulation not having been received until December 6th. It is impossible to discuss all matters that perhaps should be discussed. It is believed that the more important have been mentioned.

If I can render any further assistance - [illegible] - the responsibility of the decision in this matter it will be a pleasure to do

to do so.

Respectfully submitted,

/s/ Millard Reese

PRESIDENT, THE DOWNING COMPANY, INC.

GEORGIA, GLYNN COUNTY.

Before the undersigned in person appeared Millard Reese, who having been first duly sworn deposes and says on oath that the statements of fact made in the foregoing brief insofar as they come within his own knowledge are true, and insofar as they are based upon information received from others deponent believes them to be true.

/s/ Millard Reese

Sworn to and subscribed before me,
this December 7, 1934.

/s/ Saidie Ferguson
Notary Public, Glynn County,
Georgia.

SUPPLEMENTARY STATEMENT SUBMITTED BY CONTROL COMMITTEE FOR THE MARKETING AGREEMENT FOR GUM TURPENTINE AND GUM ROSIN PROCESSORS.

PUBLIC HEARING NOVEMBER 26TH, 27TH, 28TH, 1934, MAYFLOWER HOTEL, JACKSONVILLE, FLORIDA.

This hearing was on a proposed Marketing Agreement for gum turpentine and gum rosin processors, a proposed amended license for gum turpentine and gum rosin processors and a suggested amendment to the basis of allotment contained in the proposed marketing agreement and proposed amended license.

To clarify the position and to facilitate the presentation of the Control Committee, this supplementary statement is divided into three divisions:

A. The suggested amendment to basis of allotment contained in the proposed marketing agreement and amended license.

B. Supplementary recommendations by the Control Committee to the proposed marketing agreement and the amended license.

C. A Discussion of the suggestions regarding allotments to land owners.

The Committee suggests that when the proposed marketing agreement and amended license become a tentative marketing agreement and tentative amended license (if any) that so far as possible the numbers of the articles in the agreement and license be similar and that to facilitate their readability a standard form as to section, paragraph and subdivision be set up.

All suggestions of the Control Committee with reference to the Marketing Agreement should be also considered suggestions so far as applicable, to the proposed amended license.

SUPPLEMENTARY STATEMENT SUBMITTED BY CONTROL COMMITTEE FOR THE MARKETING AGREEMENT FOR GUM TURPENTINE AND GUM ROSIN MANUFACTURERS.

PUBLIC HEARING NOV. [illegible] 2[illegible], 1934, MATTLOWN HOTEL, JACKSONVILLE, FLORIDA.

This hearing was on a proposed Marketing Agreement for gum turpentine and gum rosin processors, a proposed amended license for gum turpentine and gum rosin processors and a suggested amendment to the basis of allotment contained in the proposed marketing agreement and proposed amended licenses.

To clarify the position and to facilitate the presentation of the Control Committee, this supplementary statement is divided into three divisions:

A. The suggested amendment to basis of allotment contained in the proposed marketing agreement and amended licenses.

B. Supplementary recommendations by the Control Committee to the proposed marketing agreement and the amended licenses.

C. A discussion of the suggestions regarding allotments to land owners.

The Committee believes that when the suggested matters in agreement and amended licenses become a tentative marketing agreement and tentative amended licenses (if any) that as far as possible the numbers of the articles in the agreement and licenses be similar and that to facilitate their readability a standard form as to section, paragraph and subdivision be set up.

All suggestions of the Control Committee with reference to the Marketing Agreement should be also considered suggestions as far as applicable to the proposed amended licenses.

A. The suggested amendment to basis of allotment contained in the proposed marketing agreement and amended license.

The Control Committee, prior to adjournment on November 27, 1934, passed the following resolution:

"WHEREAS at a Public Hearing held by the Secretary of Agriculture, at the Mayflower Hotel, Jacksonville, Florida, on November 26, 27, 28, 1934, an amendment to certain provisions of Article V. of the proposed marketing agreement for gum turpentine and gum rosin processors was fully discussed, and

"WHEREAS the Control Committee is investigating the merits of the suggested amendment and has secured prima facie evidence that the adoption of the principles of allocat on embodied in the suggested amendment may be beneficial to the naval stores industry, and

"WHEREAS the Control Committee has been requested to approve, amend or reject this suggested amendment, be it

"RESOLVED that the Committee requests the Secretary to examine statistical and other records of the industry, compiled by the Control Committee, and after analysis, to make such decision as he sees fit as to the benefits to the industry if the suggested amendment is approved.

"FURTHER RESOLVED that the Committee meet on or about December 10, 1934 to receive this decision report and to formally act upon same.

"FURTHER RESOLVED, that the Secretary of the Control Committee be instructed to ascertain such additional statistics, as are required by the Secretary and to furnish same upon his request as soon as practicable."

A. The suggested amendment to basis of allotment contained in the proposed marketing agreement and amended license.

The Control Committee, prior to adjournment on November 27, 1934, passed the following resolution:

"RESOLVED at a Public Hearing held by the Secretary of Agriculture, at the Mayflower Hotel, Jacksonville, Florida, on November 26, 27, 28, 1934, on amendment to certain provisions of Article V, of the proposed marketing agreement for gum turpentine and gum rosin processors the fully discussed, and

"RESOLVED the Control Committee in investigating the merits of the suggested amendment and has secured prima facie evidence that the adoption of the principles of allocation embodied in the suggested amendment may be beneficial to the naval stores industry, and

"RESOLVED the Control Committee has been requested to approve, amend or reject this suggested amendment, be it

"RESOLVED that the Committee requests the Secretary to examine statistical and other records of the industry, compiled by the Control Committee, and after analysis, to make such decision as he deem fit as to the benefits to the industry if the suggested amendment is approved.

"FURTHER RESOLVED that the Committee meet on or about December 10, 1934 to receive this decision report and be formally act upon same.

"FURTHER RESOLVED, that the Secretary of the Control Committee be instructed to secure such additional statistics, as are required by the Secretary and to furnish same upon his request as soon as practicable."

The Control Committee requests and urges upon the Secretary of Agriculture, the necessity for speed in determining the method of allotment to be used for the year 1935.

In the event that the Secretary and the Control Committee determine the basis provided for in the "Suggested Amendment as the basis for allotments" for 1935, it will be impractical to prepare and procure from the industry, signatories to the marketing agreement, except at a cost of time which will work a great hardship upon processors and producers.

The Committee, therefore, recommends and urges the Secretary to issue an amended license either in the form of the proposed license or with the suggested amendment to Article V. Section 5, as provided for under the heading of "Suggested Amendment to basis of allotment", at the Public Hearing.

The Committee emphasizes the fact that not later than December 15, 1934, every producer and processor should be informed as to his allotment in order that he may make financial and physical arrangements for the production of his crop during the 1935 season, and that any period later than the date suggested, imposes upon the processor an uncertainty as to his future operations. This uncertainty is reflected in the attitude of the distributor, of the consumer and of the trade generally. Such uncertainty is frequently reflected in lower prices.

The Committee suggests that in the event that the "Suggested Amendment to basis of allotment" be approved by the Secretary, that all other provisions of Article V. of the proposed Marketing Agreement other than those provisions in Section 5, Article V. which concern the basis of allotment with the amendments recommended by the Committee be approved by the Secretary.

The Committee also recommends that in Section 1, Sub-division "c" of the "Suggested Amendment to basis of allotment" that a more thorough examin-

The Control Committee requests and urges upon the Secretary of Agriculture, the authority for which is detailing the method of allotment to be used for the year 1938.

In the event that the Secretary and the Control Committee determine the basis provided for in the "Suggested Amendment as the basis for allotments" for 1938, it will be impossible to prepare and process from the industry, signatories to the marketing agreement, except at a cost of time which will work a great hardship upon processors and producers.

The Committee, therefore, recommends and urges the Secretary to issue an amended license either in the form of the proposed license or with the proposed amendment to Article V, Section 3, authorized for under the heading of "Suggested Amendment to basis of allotment", at the public hearing.

The Committee emphasizes the fact that not later than December 15, 1938, every producer and processor should be informed as to his allotment in order that he may make financial and physical arrangements for the production of his crop during the 1938 season, and that any period later than the date suggested, imposes upon the processor an uncertainty as to his future operations. This uncertainty is reflected in the attitude of the distributor, of the consumer and of the trade generally. Such uncertainty is frequently reflected in lower prices.

The Committee suggests that in the event that the "Suggested amendment to basis of allotment" be approved by the Secretary, that all other provisions of Article V, of the proposed Marketing Agreement other than those provisions in Section 3, Article V, which concern the basis of allotment with the amendments recommended by the Committee be approved by the Secretary.

The Committee also recommends that in Section 1, Sub-division "a" of the "Suggested Amendment to basis of allotment" that a more thorough examin-

ation as to the percent necessary to constitute an equalization supply be made and that if the 2% suggested be found insufficient, that this figure be changed to a total not to exceed 5%, to conform with the percentage suggested by the Control Committee. The Committee believes, from its experience, that under either proposed method 2% will be insufficient to serve as an equalization supply.

B. Supplementary recommendations by the Control Committee to the proposed marketing agreement and the amended license.

ARTICLE II. PARAGRAPH 8. The Control Committee can see no objection to the recommendation of Mr. Lockwood, namely, that the word "Gross" appear after the word "each" on line 3.

ARTICLE II. PARAGRAPH 10. The Control Committee suggests substitution of the words "and or" after the word "be", line 2.

ARTICLE III. SECTION I. PARAGRAPH 1. With reference to the amendment suggested at the hearing, to provide that the present Control Committee hold office until July 1, 1935, or until their successors shall have been elected, the Control Committee will abide by the decision of the Secretary as to the advisability of the suggested amendment.

ARTICLE III. SECTION I. PARAGRAPH 2. The Control Committee suggested at the hearing that the word "contracting" appear before the word "processors" on line 6.

As the paragraph reads in the proposed agreement, processors, whether they be contracting processors or otherwise, are permitted to vote in the selection of the members of the Control Committee.

The Control Committee is not prepared to accept the implication that because all processors are licensed, under terms generally similar to those

tion as to the percent necessary to constitute an equilibrium supply is made and that 12.5% suggested be found insufficient, that this figure be changed to a total not to exceed 5%, in conform with the percentage suggested by the Control Committee. The Committee believes, from its experience, that under either proposed method 5% will be insufficient to serve as an equilibrium supply.

B. Supplementary recommendations by the Control Committee to the proposed marketing agreement and the amended license.

ARTICLE II, PARAGRAPH 8. The Control Committee can see no objection to the recommendation of Mr. Lockwood, namely, that the word "those" appear after the word "each" on line 8.

ARTICLE II, PARAGRAPH 10. The Control Committee suggests substitution of the words "and or" after the word "by", line 8.

ARTICLE III, SECTION 1, PARAGRAPH 1. With reference to the amendment suggested at the hearing, to provide that the present Control Committee hold office until July 1, 1938, or until their successors shall have been elected, the Control Committee will abide by the decision of the Secretary as to the advisability of the suggested amendment.

ARTICLE III, SECTION 1, PARAGRAPH 2. The Control Committee suggests at the hearing that the word "continued" appear before the word "successors", on line 6.

In the percentage voting in the proposed agreement, producers, whether they be corporations, associations or otherwise, are permitted to vote in the majority of the members of the Control Committee.

The Control Committee is not prepared to accept the implication that persons all primaries are illegal, under some circumstances which

of the marketing agreement that the rights of non signers are thereby equal to those who are voluntarily cooperating, as evidenced by their signature to the Marketing Agreement.

The Control Committee submits that while the Secretary has the undoubted right to issue a license for any industry and upon any terms and conditions that he sees fit to impose without any marketing agreement, nevertheless, it has heretofore been the policy of the Secretary to establish the provisions of his license upon the broad terms of a marketing agreement voluntarily entered into by a majority of the processors or handlers of an agricultural commodity who have become voluntary signatories to such an agreement.

This question is not determined solely upon the merits of this or any marketing agreement. The right of citizenship is granted to all those born or naturalized citizens of the United States. Nevertheless the right to vote is vested only in those who voluntarily first register. This registration may be likened to a voluntary expression of approval of his constitutional rights under which he may express himself and from which right he is excluded if he does not voluntarily so register, even though the right be inherent in him.

The Committee maintains that any processor who is included in the terms of the license but who does not volunterily become a signatory to a marketing agreement, if any, should for the same reason he is excluded from voting under his constitutional rights be also excluded from voting under the terms of a marketing agreement.

ARTICLE III. SECTION I. PARAGRAPH 6. The Committee recommends the substitution of Section 3, Article II. of the proposed amended license; except that there be substituted the word "three" for the word "four" on line 2 of subdivision "b" of the said Section 3, Article II. of the license.

of the marketing agreement that the rights of non signers are thereby equal to those who are voluntarily cooperating, as evidenced by their signature to the marketing agreement.

The Central Committee submits that while the Government can and authorized right to issue a license for any industry and upon any terms and conditions that be deem fit to impose without any marketing agreement nevertheless, it has heretofore been the policy of the Government to establish the provisions of the license upon the usual terms of a marketing agreement voluntarily entered into by majority of the processors or handlers of an agricultural commodity who have become voluntary signatories to such an agreement.

This question is not determined solely upon the merits of this or any marketing agreement. The right of citizenship is granted to all those born or naturalized citizens of the United States. Nevertheless the right to vote is vested only in those who voluntarily first register. This registration may be likened to a voluntary surrender of a portion of his constitutional rights under which he may express himself and from which right he is excluded if he does not voluntarily so register, even though the right be inherent in him.

The Committee maintains that any processor who is included in the terms of the license but who does not voluntarily become a signatory to a marketing agreement, if any, should for the same reason be excluded from voting under his constitutional rights be also excluded from voting under the terms of a marketing agreement.

ARTICLE III. SECTION 1. PARAGRAPH A. The Committee recommends the substitution of Section 3, Article II, of the proposed amended license; except that there be substituted the word "Secretary" for the word "Board" on line 8 of subdivision "b" of the said Section 3, Article II, of the license.

ARTICLE III. SECTION I. PARAGRAPH 7. The Control Committee suggested at the hearing that as a further qualification to the appointment or selection of a member of the Control Committee, that any person so elected or selected, affirm his approval of the marketing agreement and accompanying license.

The Committee is willing to accept an amendment later suggested, namely, that any person so selected or elected, in addition to filing his written acceptance, affirm his intention to preserve the integrity of the terms and conditions of the marketing agreement in his administrative capacity as a member of the Control Committee.

ARTICLE III. SECTION I. PARAGRAPH 8. The Control Committee suggests that commencing with the word "Each" on line 5 that the entire sentence be known as paragraph 9, Article III.

ARTICLE III. SECTION 2. PARAGRAPH OR SUBDIVISION "d". The Control Committee suggested that paragraph "d" be amended to read: "To appoint and define the duties of sub-committees; or of additional committees who may or may not be members of the Control Committee to assist it in the performance of any of its duties and functions hereunder." The Committee in construing the phraseology of the paragraph in the proposed agreement has assumed that the word "additional" means non members of the Committee and believes that the present phraseology does not clearly spell this out.

The Committee recommends that this paragraph be so phrased as to give authority to the Control Committee to appoint additional committees, such as advisory committees, from processors and others who are not members of the Control Committee. This would enable the Committee to seek, through the formation of additional committees, the advice and assistance of other branches of the industry, in carrying out the intent of the marketing agreement.

ARTICLE XII. SECTION 1. PARAGRAPH 7. The Control Committee suggested at the hearing that as a further qualification to the appointment or selection of a member of the Control Committee, that any person so elected or selected, affirm his approval of the marketing agreement and accompanying license.

The Committee is willing to accept an amendment later suggested, namely, that any person so selected or elected, in addition to filing his written acceptance, affirm his intention to preserve the integrity of the terms and conditions of the marketing agreement in his administrative capacity as a member of the Control Committee.

ARTICLE XII. SECTION 1. PARAGRAPH 8. The Control Committee suggests that commencing with the word "Each" on line 5 that the entire sentence be known as paragraph 9, Article XII.

ARTICLE XII. SECTION 2. PARAGRAPH OR SUBDIVISION "A". The Control Committee suggests that paragraph "A" be amended to read: "To appoint and define the duties of sub-committees; or of additional committees who may or may not be members of the Control Committee to assist it in the performance of any of its duties and functions hereunder." The Committee in considering the phraseology of the paragraph in the proposed agreement has assumed that the word "additional" means non members of the Committee and believes that the present phraseology does not clearly spell this out.

The Committee recommends that this paragraph be so phrased as to give authority to the Control Committee to appoint additional committees, such as advisory committees, from growers and others who are not members of the Control Committee. This would enable the Committee to seek, through the formation of additional committees, the advice and assistance of other branches of the industry, in carrying out the intent of the marketing agreement.

ARTICLE IV. SECTION I. The Committee suggests the addition of the words "intention" and after the word "the" on line 1.

ARTICLE V. SECTION V. LINE 6. (Top of page 8). The Control Committee has suggested the addition of the figures "74.73%" after the word "to" on this line.

The question has been raised as to the language of the section and that it may be construed to mean "74.73% of 94% of a producers proven ability to produce during the year 1934." The Control Committee has no objection to the further spelling out of this provision provided it is made quite clear that 74.73% was the marketable percentage applied in making the 1934 allotments. Also that it is the product of this percentage and of such processors proven ability to produce as of April 2, 1934, which is to be taken as such processors base figure for the 1935 allotment.

A request was made at the hearing that the words "ability to produce" on line 7, be further spelled out.

The Control Committee would point out that the number of factors to be considered in determining "ability to produce" are numerous and vary with each processor so that any limitation of a broad construction by the Committee would tend to hamper rather than facilitate the functions of the Control Committee.

ARTICLE V. SECTION V. SUBDIVISION "h". The Committee disapproves of the amendment suggested at the hearing that the word "shall" be substituted for the word "may" after the word "applicant" in this subdivision.

The Committee believes, as a result of its experience that the establishment of an inflexible rule of this character may result in an order by the Control Committee not wholly determined by the facts.

The Control Committee submits that the use of the word "shall" predetermines an assent on the part of the Control Committee to any requests

ARTICLE IV, SECTION 1. The committee suggests the addition of the words "intended" and after the word "the" on line 1.

ARTICLE V, SECTION V, LINE 6. (Top of page 6). The Control Committee has suggested the addition of the figures "74.75%" after the word "to" on line 1.

The question has been raised as to the language of the motion and that it may be construed to mean "74.75% of 90% of a producing proven ability to produce during the year 1954." The Control Committee has no objection to the further spelling out of this provision provided it is made quite clear that 74.75% was the marketable percentage applied in making the 1954 allotments. Also that it is the product of this percentage and of such producers proven ability to produce as of April 8, 1954, which is to be taken as such producers base figure for the 1955 allotment.

A request was made at the hearing that the words "ability to produce" on line 7, be further qualified and.

The Control Committee would point out that the number of factors to be considered in determining "ability to produce" are numerous and vary with each producer so that any limitation of a broad determination by the Committee would lead to hamper rather than facilitate the functions of the Control Committee.

ARTICLE V, SECTION V, SUBDIVISION 4". The Committee disapproves of the amendment suggested at the hearing that the word "shall" be substituted for the word "may" after the word "applicant" in this subdivision.

The Committee believes, as a result of its experience that the establishment of an inflexible rule of this character may result in an order by the Control Committee not wholly determined by the facts.

The Control Committee submits that the use of the word "shall" predetermines an answer on the part of the Control Committee to any request

for such adjustment without reference to the Secretary. It is further submitted that an applicant, under several paragraphs of the agreement, may appeal to the Secretary if he is dissatisfied with any quota or allotment.

It is further submitted that the use of the word "shall" would be in derogation of the right of the Secretary to adjust any difference of opinion which might exist between the Control Committee and an applicant and that it would be mandatory upon the Control Committee to make whatever adjustment was demanded by an applicant without regard to the interest of other processors or to the other provisions of the marketing agreement and license.

ARTICLE V. SECTION 8. It was suggested at the hearing that the desirability of two or more applicants to adjust their quota need not be submitted to the Control Committee.

The Control Committee submits that any adjustment of quotas as between two or more applicants or the transfer of allotments or tags from one processor to another without the desirability of such adjustment or transfer being submitted to the Control Committee will tend to encourage traffic in allotments and tags as between processors.

The Committee believes that there should be no loophole for private traffic or trading in allotments or tags.

ARTICLE V. SECTION 10. It was suggested at the hearing that this section should provide that where a processor disposes of the ownership or control of part or all of his leases of "upon the expiration of such leases" that his quota shall accompany "such expiration of leases."

This latter quotation is in effect substitution of land ownership as the basis for quota, rather than processing.

This is fully discussed in part B of this supplementary statement under the title of "C. A discussion on the suggestions regarding allotments to land owners."

for such adjustment without reference to the Secretary. It is further submitted that an applicant, under several principles of the agreement, may appeal to the Secretary if he is dissatisfied with any quota or allotment.

It is further submitted that the use of the word "shall" would be in derogation of the right of the Secretary to adjust any difference of opinion which might exist between the Control Committee and an applicant and that it would be mandatory upon the Control Committee to make the same adjustment was demanded by an applicant without regard to the interest of other producers or to the other provisions of the marketing agreement and licenses.

ARTICLE V. SECTION 6. It was suggested at the hearing that the desirability of two or more applicants to adjust their quota need not be submitted to the Control Committee.

So the Control Committee submits that any adjustment of quotas as between two or more applicants or the transfer of allotments or tags from one producer to another without the desirability of such adjustment or transfer being submitted to the Control Committee will lead to unnecessary traffic in allotments and tags as between producers.

The Committee believes that there should be no loopholes for private traffic or trading in allotments or tags.

ARTICLE V. SECTION 10. It was suggested at the hearing that this section should provide that upon a producer disposes of the ownership or control of part or all of his lease of "upon the application of such lessee" that his quota shall accompany "such application of lessee."

This latter qualification is in effect substitution of land ownership as the basis for quota, rather than producing.

This is fully discussed in part 2 of this supplementary statement under the title of "2. A discussion on the suggestions regarding allotments to land owners."

ARTICLE VII. The suggestion was made at the hearing that the date September 14, 1933 in this article be changed to February 21, 1934.

The Committee admits the arbitrary fixing of the date September 14, 1933, but submits that this date is well recognized throughout the industry as the date upon which all of the general provisions of the proposed marketing agreement including conservation were first publicly discussed by the industry. This discussion took place September 14, 1933, at a mass meeting of processors, held at Valdosta, Georgia, at which some six hundred (600) processors, representing approximately half of the estimated production, were present.

Very wide publicity was given to the suggested marketing agreement presented to the processors at the September 14, 1933 meeting, prior to its presentation to the Secretary as a proposed marketing agreement. Practically every newspaper in the producing area carried the general provisions of this agreement and the Associated Press carried extensive news matter on the same subject. The question of the arbitrary fixing of this date was also thoroughly discussed by officials of the Agricultural Adjustment Administration between September 14, 1933 and February 21, 1934, the date of the issuance of the current marketing agreement. The decision to fix this date was predicated upon the fact that every processor in the industry was during these months, made well aware of the intention to provide for such conservation. Any action on the part of a processor contrary to the provisions of the suggested agreement presented on September 14, 1933 has heretofore been deemed a violation of the spirit and intent of processors producing a majority of the gum turpentine and gum rosin, who on Sepember 14, 1933, were making a determined effort to develop a national program for the industry including conservation, in accordance with the provisions of the Agricultural Adjustment Act.

ARTICLE VII. The suggestion was made at the hearing that the date September 14, 1955 in this article be changed to February 21, 1954.

The Committee admits the arbitrary fixing of the date September 14, 1955, but submits that this date is well recognized throughout the industry as the date upon which all of the general provisions of the proposed marketing agreement limiting competition were first put into effect by the industry. This discussion took place September 14, 1955, at a mass meeting of processors, held at Valdosta, Georgia, at which some six hundred (600) processors, representing approximately half of the estimated production, were present.

Very wide publicity was given to the suggested marketing agreement presented to the processors at the September 14, 1955 meeting, prior to its presentation to the Secretary as a proposed marketing agreement. Practically every newspaper in the producing area carried the general provisions of this agreement and the Sunsetched Press carried extensive news matter on the same subject. The question of the arbitrary fixing of this date was also thoroughly discussed by officials of the Agricultural Adjustment Administration between September 14, 1955 and February 21, 1954, the date of the issuance of the current marketing agreement. The decision to fix this date was predicated upon the fact that every processor in the industry was during these months, [illegible] in [illegible] in [illegible] such discussion. Any action on the part of a processor contrary to the provisions of the suggested agreement presented on September 14, 1955 has heretofore been deemed a violation of the spirit and intent of processors protecting a majority of the gum turpentine and gum rosin, who on September 14, 1955, were making a determined effort to develop a national program for the industry including conservation, in accordance with the provisions of the Agricultural Adjustment Act.

The Committee submits that in view of the above facts that it cannot recommend to the Secretary the changing of this date to February 21, 1934, thereby condoning any breach of the current marketing agreement as to the number of faces being worked on trees between September 14, 1933 and February 21, 1934.

The Committee further submits that ample power is contained in subdivision "c" of this Article to make adjustments where conditions justify an exception.

With reference to the additional amendments suggested by the United States Forestry Service.

The Committee favors conservation and the establishment of any rules and regulations which will tend to procure for the naval stores industry increasing and continuing supply of growing trees. The Committee feels, however, that it would be a mistake to make too many changes at this time. Particularly those which might be considered by the average processor as drastic and entailing too great a hardship on the industry.

The Committee believes that there would be extreme difficulty at this time in enforcing any drastic conservation regulations, either under the Act or through any voluntary agreement on the part of the industry.

ARTICLE X. SECTION I. PARAGRAPH 3. The Committee recommends the inclusion of the words "and/or cleaned gum" after the word "resin" on line three.

The Committee also recommends that the percent be measured only by volume of gum turpentine and gum resin and cleaned gum and that with the exception of the additional four words herein suggested that the paragraph remain unchanged.

GENERAL. - The Committee requests the Secretary to include Section 4. Article VIII of the License in the Marketing Agreement, with the proper changes.

The Committee submits that in view of the above facts that it was not requested to the Secretary the changing of this date to February 21, 1964, thereby conducting any breach of the current marketing agreement as to the number of trees being marked on trees between September 16, 1963 and February 21, 1964.

The Committee further submits that ample power is contained in subdivision "e" of this Article to make adjustments where conditions justify an exception.

With reference to the additional amendments suggested by the United States Forestry Service.

The Committee favors conservation and the establishment of any rules and regulations which will tend to prepare for the moral above industry increasing and continuing supply of growing trees. The Committee feels, however, that it would be a mistake to make too many changes at this time. Particularly those which might be considered by the average producer as drastic and entailing too great a burdenship on the industry.

The Committee believes that there would be extreme difficulty at this time in enforcing any drastic conservation regulations, either under the Act or through any voluntary agreement on the part of the industry.

ARTICLE X, SECTION 1, PARAGRAPH 3. The Committee recommends the insertion of the words "and/or cleaned gum" after the word "roughs" on line nine.

The Committee also recommends that the percent be measured only by volume of gum turpentine and gum roughs and cleaned gum and that with the exception of the initial one year period mentioned that the percent remain unchanged.

GENERAL - The Committee recommends the Secretary delete section 5, Article VIII of the Issues in the Operating Agreement, for the reason

The Committee believes that the suggestion made at the hearing that new owner-processors apply for an allotment between June 1st and June 15th is well taken and that such applicants require longer time than old processors to prepare for the production of gum turpentine and gum rosin in the immediately ensuing year. It should however, be remembered that under any circumstances the time for setting the crop for such ensuing year must be considerably later than the time suggested.

The Committee will be glad to receive any suggestions from the Secretary as to a method of taking care of such new owner processors.

C. A discussion on the suggestions regarding allotments to land owners.

Reference is now made to the suggestions put forward at the hearing by Mr. W. S. Booth and Mr. N. E. Benedict. That allotments should go to the land rather than to the processor.

The Committee believes that in all probability the legal division of the Agricultural Adjustment Administration would disapprove any such basis for allotment.

The Secretary is limited to making marketing agreements either with producers, processors, handlers, et cetera and it is submitted that the Agricultural Act did not contemplate the right of the Secretary to enter into marketing agreements which would provide for allotments to land owners as a class, and that the Act was intentionally made sufficiently broad to include all of the producers of an agricultural commodity either as land owners in fee simple or as lessees and either as producers, processors and/or handlers of agricultural commodities.

It is submitted that any basis of allotment predicated upon land or timber ownership would work an undue hardship upon processors (and producers) who were the lessees of lands from which the crude gum and its derivatives,

The Committee believes that the suggestion made at the hearing that new owner-processors apply for an allotment between June 1st and June 15th is well taken and that such applicants require longer time than old processors to prepare for the production of gum tragacanth and gum karaya in the immediately ensuing year. It should however, be remembered that under any circumstances the time for getting the crop for such ensuing year must be considerably later than the time suggested.

The Committee will be glad to receive any suggestions from the Secretary as to a method of taking care of such new owner processors.

6. A discussion on the suggestions regarding allotments to land owners.

Reference is now made to the suggestions put forward at the hearing by Mr. W. S. Dunn and Mr. R. E. Benedict. That allotments should go to the land rather than to the processor.

The Committee believes that in all probability the legal division of the Agricultural Adjustment Administration would disapprove any such basis for allotments.

The Committee is limited to making marketing agreements either with producers, processors, handlers, or brokers and it is submitted that the Agricultural Act did not contemplate the right of the Secretary to enter into marketing agreements which would provide for allotments to land owners as a class; and that the Act was intentionally made sufficiently broad to include all of the producers of an agricultural commodity either as land owners in the single or as lessees and either as producers, processors and/or handlers of agricultural commodities.

It is submitted that any basis of allotment predicated upon land or timber ownership would work an undue hardship upon processors (and producers) who are lessees or who have the right to grow the raw material.

gum turpentine and gum rosin are produced.

As the Marketing Agreement is with processors and for the product of processors, it is with the product of these processors that the Secretary is concerned and not with the original source of supply.

The Control Committee submits that the Marketing Agreement does not contemplate the binding of a processor to the production of his established quota from any particular section of land or timber and that the ownership and location of the trees producing the gum turpentine and gum rosin is immaterial and that the Secretary and the Committee is concerned primarily in control of the quantity of gum turpentine and gum rosin which the processor markets.

The Control Committee submits that the right of the Secretary to license is limited only to that phase of the processors activities relating to marketing and that the landlord of leased timber, by virtue of his bargain and sale of the rights to produce crude gum for processing into gum spirits of turpentine and gum rosin, grants to the processor as lessee all of his right and interest in timber to produce crude gum until the termination of the lease.

Therefore, the right of the processor to an allotment under the marketing agreement, and the basis for an annual allotment is predicated upon the ability of the processor to produce from timber whether it be leased or owned by him and it is not predicated upon land ownership.

It is submitted that under any program providing for the discontinuance of the right to an allotment to a processor upon the expiration of a lease will have all of the effect of a mandatory cessation of a sustained business activity by the processor. Furthermore, the Committee feels that if allotments are made to landlords that the practice may prevail of selling not only

gum turpentine and gum rosin are produced.

In the Marketing Agreement is with processors and for the product of processors, it is with the product of these processors that the Secretary is concerned and not with the original source of supply.

The Control Committee submits that the Marketing Agreement does not contemplate the binding of a processor to the production of his established quota from any particular section of land or timber and that the ownership and location of the trees producing the gum turpentine and gum rosin is immaterial and that the Secretary and the Committee is concerned primarily in control of the identity of gum turpentine and gum rosin and not merely with the processor.

The Control Committee submits that the right of the Secretary to license is limited only to that phase of the processors activities relating to marketing and that the landlord of leased timber, by virtue of his bargain and sale of the rights to produce crude gum for processing into gum spirits of turpentine and gum rosin, grants to the processor as lessee all of his right and interest in timber to produce crude gum until the termination of the lease.

Therefore, the right of the processor to an allotment under the marketing agreement, and the basis for an annual allotment is predicated upon the ability of the processor to produce from timber whether it be leased or owned by him and is not predicated upon land ownership.

It is submitted that under any program providing for the dismantlement of the right to an allotment to a processor upon the expiration of a lease will have all of the effect of a mandatory cessation of a restrained business activity by the processor. Furthermore, the Committee feels that it clearly cannot be the intention that the permits may prevail of selling not only

the lease of the timber to a processor but of requiring the processor to pay a premium for the allotment over and above the lease value, which right should not belong to the landlord, but to the processors who have created such value.

The Control Committee submits that an allotment based upon land ownership and for the ownership of trees capable of producing gum turpentine and gum rosin would be impractical and unsound; that it would be vastly more expensive to administer and that the system would develop many inequities and injustices.

It is believed that in the turpentine producing belt there are more than 100,000 acres of producing or potentially producing pine forests and the costs of examination of each application and the time consumer, if allotments were made on a basis of landlord or timber ownership would nullify and make impossible the carrying out of the provisions of this or any agreement for marketing upon a yearly basis.

The Committee does not concur in the statement that landlords suffer greater losses than processors, when at the expiration of an existing lease as landlords, they desire to become processors of gum turpentine and gum rosin and they have to secure allotments as new processors. In the evidence of Mr. Pace and others at the hearing it was established that one result of the marketing agreement and the system of allotments to owners or lessee processors the value of leases had substantially increased and that landlords were receiving a higher rental than heretofore.

Furthermore, it may be that a landlord of vacant premises suffers a rental loss never to be regained because of any existing vacancy, but the same is not true with the landlord of timber to be used for the production of crude gum. Failure to produce crude gum, immediately upon a tree reaching maturity does not incur a never to be regained loss upon the landlord, because the productivity of the tree increases with size and gum can be later produced and processed without any relative loss to the landlord. Thus there is not

the loss of the timber to a processor but of requiring the processor to pay a premium for the allotment over and above the lease value, which might about not belong to the landlord, but to the processors who have created such value.

The Control Committee submits that an allotment based upon land ownership or trees, capable of producing gum turpentine and gum resin would be impractical and unsound; that it would be vastly more expensive to administer and that the system would develop many inequities and injustices.

It is believed that in the turpentine producing belt there are more than 100,000 acres of producing or potentially producing pine forests and the costs of administration of such application and the time consumed, if allotments were made on a basis of landlord or timber ownership would nullify and make impossible the carrying out of the provisions of this or any enactment for marketing upon a yearly basis.

The Committee does not concur in the statement that landlords rather lessees than processors, when at the expiration of an existing lease or landlords, they desire to become processors of gum turpentine and gum resin and they have to secure allotments as new processors. In the evidence of Mr. Tees and others at the hearing it was established that one result of the marketing agreement and the system of allotments to owners or lessees previous the value of lessees had substantially increased and that landlords were realizing a higher rental than heretofore.

Furthermore, it may be that a landlord or tenant processes suffers a total loss never to be regained because of any existing vacancy, but this case is not true with the landlord of timber to be used for the production of crude gum. Failure to produce crude gum, based solely upon a tree producing naturally does not there a loss to be regained upon the landlord, because the productivity of the tree increased with more and gum can be later produced and processed without any relative loss to the landlord. Thus there is not

a rental or "gum" loss sustained by the landlord, because of a time element.

The life of the tree as a gum producer and the quantity of gum which can be produced under similar conditions, is relatively the same regardless of the year in which turpentine operations are commenced once it has reached the proper size.

The Committee submits that as the marketing agreement is made with the individual processor the allotment should be to the processor without regard to land ownership and as practical processors including among them both land owners and lessees believe, that for the various reasons outlined the suggestions as to allotment to landowners should not prevail.

Exhibit "A" attached. TR-6 Instruction Sheet and TR-b Loan Form to be considered in connection with the definition of producer in Article II.

/s/ C. F. Speh
SECRETARY.

STATE OF FLORIDA)
) SS.
COUNTY OF DUVAL)

Personally appeared before me, the undersigned authority, C. F. Speh, known to me to be the Secretary of the Control Committee for Gum Turpentine and Gum Rosin Processors, and deposes and says that he has read the foregoing and that the same is true to the best of his knowledge and belief.

/s/ C. F. Speh

Sworn to and subscribed before me
this /s/ 4th day of December, A. D.
1934.

/s/ Carl G. Speh
Notary Public State of Florida.

My Commission expires:

Notary Public, State of Florida at Large
My Commission Expires Oct. 8, 1936.

a rental or "gum" fee sustained by the landlord, because of a time element.

The life of the tree as a gum producer and the quantity of gum which can be produced under similar conditions, is relatively the same regardless of the year in which turpentine operations are commenced once it has reached the proper size.

The Committee submits that as the marketing agreement is made with the individual producer the allotment should be to the producer without regard to land ownership and as practical producers including among them both land owners and lessees believe, that for the various reasons outlined the suggestions as to allotment to landowners should not prevail.

Exhibit "A" attached. TM-6 Instruction Sheet and TM-5 Loan Form to be considered in connection with the definition of producer in article II.

/s/ C. Y. Pugh
SECRETARY.

STATE OF FLORIDA)
)
COUNTY OF DUVAL)

Personally appeared before me, the undersigned authority, C. Y. Pugh, known to me to be the Secretary of the Control Committee for Gum Turpentine and Gum Rosin Processors, and deponent and says that he has read the foregoing and that the same is true to the best of his knowledge and belief.

/s/ C. Y. Pugh

Sworn to and subscribed before me
this /s/ 4th day of December, A. D.
1934.

/s/ Carl E. Pugh
Notary Public State of Florida.

My Commission expires:

Notary Public, State of Florida at Large
My Commission Expires Jan. 8, 1935.

C.C.C. Form TR-6

INSTRUCTIONS CONCERNING THE MAKING OF LOANS BY COMMODITY CREDIT CORPORATION TO GUM TURPENTINE AND GUM ROSIN PRODUCERS ON 1934 CROP SECURED BY GUM TURPENTINE AND GUM ROSIN WAREHOUSE RECEIPTS

The Reconstruction Finance Corporation has extended to Commodity Credit Corporation a line of credit for the purpose of enabling Commodity Credit Corporation to make loans to and/or purchase paper of producers of gum spirits of turpentine and gum rosin, secured by pledge of gum turpentine and gum rosin warehouse receipts. These instructions state the requirements with reference to making such loans and the purchase of such paper. These instructions are in addition to instructions previously issued (C.C.C. Form TR-1 and C.C.C. Form TR-5) and loans or purchases may be made under these instructions or those previously issued.

1. Definitions.—As used in these instructions, unless the context otherwise requires, the following terms will be construed respectively to mean:

(a) Producer.—Any person, partnership, association, or corporation producing or acquiring gum turpentine and gum rosin, either as landowner, landlord, or lessee signatory to the Marketing Agreement for Gum Turpentine and Gum Rosin Processors, approved by the United States Secretary of Agriculture February 20, 1934.

(b) Eligible gum turpentine.—Gum Spirits of Turpentine of the producer's marketable quota under the Marketing Agreement referred to above, as evidenced by tags issued by Control Committee established under said Marketing Agreement, standard in grade, made from 1934 gum (oleoresin) from living trees, the beneficial title to which gum (oleoresin) is and has always been in the producer. As used herein, unless otherwise indicated, the term "gum turpentine" shall include turpentine shipped by the producer in tank cars and designated gum spirits of bulk turpentine.

(c) Eligible gum rosin.—Gum Rosin of the producer's marketable quota under the Marketing Agreement referred to above as evidenced by tags issued by Control Committee established under said Marketing Agreement, produced from 1934 gum (oleoresin) from living trees, the beneficial title to which gum (oleoresin) is and has always been in the producer.

(d) Lending agency.—Any bank, cooperative marketing association, factor, or other corporation, partnership, association, or person making loans on C.C.C. Form TR-5 secured by eligible gum turpentine and/or gum rosin warehouse receipts issued by acceptable warehouses.

INSTRUCTIONS GOVERNING THE MAKING OF LOANS BY COMMODITY CREDIT CORPORATION TO GUM TURPENTINE AND GUM ROSIN PRODUCERS ON 1954 CROP GROWING BY GUM TURPENTINE AND GUM ROSIN WAREHOUSE RECEIPTS

The Commodity Credit Corporation has extended to Commodity Credit Corporation a line of credit for the purpose of enabling Commodity Credit Corporation to make loans to and/or purchase paper of producers of gum spirits of turpentine and gum rosin, secured by pledge of gum turpentine and gum rosin warehouse receipts. These instructions state the requirements with reference to making such loans and the purchase of such paper. These instructions are in addition to instructions previously issued (C.C.C. Form TR-1 and C.C.C. Form TR-2) and loans or purchases may be made under these instructions or those previously issued.

1. Definitions.—As used in these instructions, unless the context otherwise requires, the following terms will be construed respectively to mean:

(a) Producer.—Any person, partnership, association, or corporation producing or producing gum turpentine and gum rosin, either as landowner, landlord, or tenant-grower, or by the Marketing Agreement for Gum Turpentine and Gum Rosin Producers, approved by the United States Secretary of Agriculture February 20, 1954.

(b) Eligible gum turpentine.—Gum spirits of turpentine of the producer's marketable quota under the Marketing Agreement referred to above, as evidenced by tags issued by Control Committee pursuant to such marketing agreement, stamped in grade, made from 1954 gum (oleoresin) from living trees, the beneficial title to which (oleoresin) is and has always been in the producer. As used herein, unless otherwise indicated, the term "gum turpentine" shall include turpentine shipped by the producer in tank cars and designated gum spirits of bulk turpentine.

(c) Eligible gum rosin.—Gum rosin of the producer's marketable quota under the Marketing Agreement referred to above as evidenced by tags issued by Control Committee established under said Marketing Agreement, produced from 1954 gum (oleoresin) from living trees, the beneficial title to which gum (oleoresin) is and has always been in the producer.

(d) Lender (creditor).—Any bank, cooperative marketing association, factor, or other corporation, partnership, association, or person making loans on G.C.C. Form TR-2 secured by eligible gum turpentine and/or gum rosin warehouse receipts issued by acceptable warehouses.

(e) Eligible paper.—Notes of producers with loan agreements executed upon C.C.C. Form TR-B or any form hereafter approved by Commodity Credit Corporation, dated prior to January 1, 1935, and subsequent to October 22, 1934, with documentary tax stamps where required by State law.

(f) Commercial barrel.—Gum Rosin of 280 pounds gross weight in wooden barrels or 230 pounds net weight in metal drums.

2. Forms.—The following documents must be delivered in connection with every loan made or note purchased by Commodity Credit Corporation:

(a) Note of Producer (CCC Form TR-B) maturing February 1, 1935.
(b) Loan Agreement (C.C.C. Form TR-B).
(c) Warehouse receipts issued by approved warehouses, together with certificates of inspection as hereinafter provided.
(d) Producer's Letter of Transmittal (C.C.C. Form TR-2), or,
(e) Lending Agency's Letter of Transmittal (C.C.C. Form TR-3).

3. Amount of loans:

Loans upon eligible gum turpentine in tanks will be made upon the basis of 48 cents per gallon.
Loans upon gum spirits of bulk turpentine in tanks will be made upon the basis of 42 cents per gallon.
Loans upon eligible gum rosin will be made upon the following basis:
$4.50 per commercial barrel for grades H or better.
$4.25 per commercial barrel for grades G and F.
$4.00 per commercial barrel for grades E, D, and B.

4. Where to obtain necessary forms.—A producer desiring a loan upon eligible gum turpentine or gum rosin may obtain the necessary forms from the Gum Turpentine and Gum Rosin Control Committee, 1305 Barnett Bank Building, Jacksonville, Fla.; U. S. Naval Stores Station, Lake City, Fla.; also from the Loan Agency of Reconstruction Finance Corporation most convenient to the producer. A list of such loan agencies appears on page 4 of these instructions. Such forms may also be obtained from Commodity Credit Corporation, Washington, D. C. The forms are identified and no reprints or substitutes may be used.

5. Purchase of notes.—It is contemplated that producers will ordinarily obtain loans from a local bank or other lending agency. Eligible paper will be purchased by Commodity Credit Corporation at any hereinafter designated Loan Agency of Reconstruction Finance Corporation any time prior to January 5, 1935, on the following basis:

(a) Net amount advanced as determined by paragraph 3 of these instructions;
(b) Amounts advanced by holders or lending agencies to cover carrying charges as indicated on such paper in ink by the lending agency or holder and the respective dates thereof, and as determined on the basis of the warehousemen's established tariffs for gum turpentine and gum resin in

(e) Eligible paper.—Notes of producers with loan agreements executed upon C.C.C. Form TM-3 or any form hereafter approved by Commodity Credit Corporation, dated prior to January 1, 1956, and subsequent to October 26, 1954, with commodity tax stamps where required by State law.

(f) Commercial barrel.—Gum basis of 550 pounds gross weight in wooden barrels or 520 pounds net weight in metal drums.

8. Form.—The following documents must be delivered in connection with every loan made or note purchased by Commodity Credit Corporation:

(a) Note of Producer (CCC Form TM-3) maturing February 1, 1957.
(b) Loan Agreement (C.C.C. Form TM-3).
(c) Warehouse receipts issued by approved warehouses, together with certificates of inspection as hereinafter provided.
(d) Producer's Letter of Transmittal (C.C.C. Form TM-3), or
(e) Lending Agency's Letter of Transmittal (C.C.C. Form TM-3).

9. Amount of loans:

Loans upon eligible gum turpentine in tanks will be made upon the basis of 46 cents per gallon.
Loans upon gum spirits of bulk turpentine in tanks will be made upon the basis of 44 cents per gallon.
Loans upon eligible gum rosin will be made upon the following basis:
$4.50 per commercial barrel for grades N or better.
$4.00 per commercial barrel for grades G and I.
$3.50 per commercial barrel for grades M, K, and H.

4. Where to obtain necessary forms.—A producer desiring a loan upon eligible gum turpentine or gum rosin may obtain the necessary forms from the Turpentine and Gum Rosin Central Committee, 1300 Barnett Bank Building, Jacksonville, Fla.; U. S. Naval Stores Station, Lake City, Fla.; also from the Loan Agency of Reconstruction Finance Corporation most convenient to the producer. A list of such loan agencies appears on page 4 of these instructions. Such forms may also be obtained from Commodity Credit Corporation, Washington, D. C. The forms are identified and no regularly or substitute may be used.

5. Produce of note.—It is contemplated that producers will ordinarily obtain loans from a local bank or other lending agency. Eligible paper will be purchased by Commodity Credit Corporation at any Warehouse Designated Loan Agency of Reconstruction Finance Corporation any time prior to January 5, 1957, on the following basis:

(a) Net amount advanced as defined by paragraph 2 of these instructions;
(b) Amounts advanced by bidders or lending agencies to cover carrying charges as indicated on such paper in lieu by the lending agency or bidder and the respective data thereof, as determined on the basis of the warehousemen's available tariffs for gum turpentine and gum rosin in

effect July 1, 1954, with deduction for insurance on gum turpentine of one and one-quarter (1¼) cents for a 50-gallon barrel per month of gum spirits of turpentine and one (1) cent per month per barrel of 50-gallon barrels of gum spirits of bulk turpentine, provided reimbursement will not be made for such charges aggregating in excess of $10.00 per unit;

(c) If tendered by the original payee, accrued interest at the rate of 3½ percent per annum on the respective amounts advanced from the respective dates of such advances to the date of payment of the purchase price; otherwise accrued interest at the rate of 3½ percent per annum from the respective dates of such advances to the date of acquisition of the note by the holder from the Original Payee as evidenced by first endorsement on the reverse side of the note, plus ½ percent per annum from such date of acquisition to date of purchase by Commodity Credit Corporation.

(d) Any amounts repaid shall be deducted from the amount advanced and interest on such amounts so repaid shall cease pro tanto from the date of such repayment;

(e) Insurance allowance as hereinafter set forth in paragraph 14 of these instructions.

Lending agencies or holders desirous of selling eligible paper to Commodity Credit Corporation must deliver such paper, properly endorsed to Commodity Credit Corporation, to one of the Loan Agencies of the Reconstruction Finance Corporation hereinafter listed. Paper tendered for purchases must be accompanied by a letter of transmittal on C.C.C. Form TR-3 and will be ineligible for purchase unless the Endorsement of Original Payee on the reverse of C.C.C. Form TR-B is duly executed by the original payee. In the event the holder or lending agency desires reimbursement for warehouse and storage charges, a certificate of the warehouseman, identifying the pledged gum turpentine and/or gum rosin by warehouse receipt number, must be submitted showing that all such charges have been paid for the particular period for which reimbursement is requested. Upon delivery of all necessary documents properly executed and upon approval of the purchase by the Manager of the Loan Agency, payment will be made pursuant to the letter.

Lending agencies making loans to producers shall immediately complete the Advice of Loan on C.C.C. Form TR-B, detach same from the loan agreement, and mail to Commodity Credit Corporation, Washington, D. C.

Loan agencies of Reconstruction Finance Corporation designated herein to handle gum turpentine and gum rosin loans are not authorized to sell to banks and other financial institutions paper of producers approved by Commodity Credit Corporation. Lending agencies desiring to carry gum turpentine and gum rosin paper as an investment may obtain, by writing Commodity Credit Corporation, Washington, D. C., an executed contract (C.C.C. Form TR-7) whereby Commodity Credit Corporation agrees to purchase eligible paper on C.C.C. Form TR-B executed in compliance with instructions contained therein and those contained in these "Instructions."

The lending agency or holder may endorse the notes of producers to Commodity Credit Corporation without recourse as provided on the note, C.C.C. Form TR-B. No producers' notes are to be endorsed to Reconstruction Finance Corporation. Care should be exercised by the lending agency to determine the

after July 1, 1944, with deduction for insurance on gum turpentine of one and one-quarter (1¼) cents for a 50-gallon barrel per month of gum spirits of turpentine and one (1) cent per month per barrel of 50-gallon barrels of gum spirits of high turpentine, provided reimbursement will not be made for such storage depreciating in excess of $10.00 per unit;

(c) If tendered by the original payee, accrued interest at the rate of 3½ percent per annum on the respective amounts advanced from the respective dates of such advances to the date of payment of the purchase price; otherwise accrued interest at the rate of 8½ percent per annum from the respective dates of such advances to the date of acquisition of the note by the holder from the original payee as evidenced by first endorsement on the reverse side of the note, plus 8½ percent per annum from such date of acquisition to date of purchase by Commodity Credit Corporation.

(d) Any amounts repaid shall be deducted from the amount advanced and interest on such amounts as repaid shall cease 30 days from the date of such repayment;

(e) Insurance allowance as hereinafter set forth in paragraph 14 of these instructions.

Lending agencies or holders desiring of selling eligible paper to Commodity Credit Corporation must deliver such paper, properly endorsed to Commodity Credit Corporation, to one of the loan agencies of the Reconstruction Finance Corporation hereinafter listed. Paper tendered for purchase must be accompanied by a letter of transmittal on G.C.C. Form TM-3 and will be ineligible for purchase unless the transmittal of original payee on the reverse of G.C.C. Form TM-3 is duly executed by the original payee. In the event the holder or lending agency desires reimbursement for warehouse storage charges, a certificate of the warehouseman, identifying the pledged gum turpentine and/or gum rosin by warehouse receipt number, must be submitted showing that all such charges have been paid for the particular period for which reimbursement is requested. Upon delivery of all necessary papers, properly executed and upon approval of the purchase by the Manager of the Loan Agency, payment will be made promptly in the latter.

Lending agencies making loans to producers shall immediately deposit the letter of loan on G.C.C. Form TM-1, detach such from the loan agreement, and mail to Commodity Credit Corporation, Washington, D. C.

Loan agencies of Reconstruction Finance Corporation designated herein to handle gum turpentine and gum rosin loans are not authorized to sell to banks and other financial institutions paper of producers approved by Commodity Credit Corporation. Lending agencies desiring to carry out turpentine and gum rosin paper as an investment may obtain, by writing Commodity Credit Corporation, Washington, D. C., authorized contracts (G.C.C. Form TM-7) whereby Commodity Credit Corporation agrees to purchase eligible paper on G.C.C. Form TM-2 accepted in compliance with instructions contained therein and those contained in these "Instructions."

The lending agency or holder may submit the note if endorsed to Commodity Credit Corporation without recourse or provided in the note, G.C.C. Form TM-3. Up purchase paper are to be accepted in instructions issued Corporation. Care will be exercised by the lending agency to insure the

genuineness of signatures to the note and loan agreement and that the warehouse receipts are genuine and represent gum turpentine and/or gum rosin in existence.

6. Direct Loans.—The loan originates with the presentation of eligible paper, at any Loan Agency of Reconstruction Finance Corporation hereinafter designated, secured by acceptable warehouse receipts representing eligible gum turpentine and/or gum rosin. Commodity Credit Corporation will make loans direct to producers any time prior to January 1, 1955. For a direct loan Commodity Credit Corporation must be named as payee and loan documents tendered upon Producer's Letter of Transmittal (C.C.C. Form TR-2) either in person or preferably by mail at the Loan Agency of the Reconstruction Finance Corporation most convenient to the producer. A copy of this letter of transmittal is to be retained by the producer as a memorandum. Upon approval of the documents, payment will be made pursuant to the letter.

Where the letter and documents are presented by the producer in person the certificate printed at the bottom of the letter need not be executed, provided the producer can furnish evidence satisfactory to the Loan Agency Manager as to his identity.

7. Liability of producer.—If the producer complies with the terms of the loan agreement he will not be personally liable for any deficiency upon the sale of the pledged gum turpentine and/or gum rosin. The note and loan agreement govern the liability of the producer and should be read carefully.

8. Liens.—All gum turpentine and gum rosin tendered to Commodity Credit Corporation must be free and clear of all liens except in favor of the lienholders listed in the space provided therefor in the loan agreement. The names of the holders of all existing liens on the pledged gum turpentine and/or gum rosin such as landlords, laborers, or mortgagees (but not warehousemen), must be listed in the space provided therefor in paragraph 2 of the loan agreement. A misrepresentation as to prior liens, or otherwise, will render the borrower personally liable under the terms of the loan agreement (C.C.C. Form TR-2) and criminally responsible under section 16a of the Reconstruction Finance Corporation Act, as amended, which section is printed at the end of the loan agreement (C.C.C. Form TR-2).

The waiver and consent as contained in paragraph 2 of the loan agreement must be signed personally by all lienholders listed or by their agents whose duly executed authority to sign must be firmly attached if such lienholders are individuals; or if corporations by the designated officer thereof customarily authorized to execute such instruments, in which case the executed authority need not be attached.

The producer may direct in the letter of transmittal that the loan-proceeds check be made payable to him and/or such other person or concern as he may direct.

9. Warehouses.—Commodity Credit Corporation will accept warehouse receipts pledged as collateral to notes on C.C.C. Forms TR, TR-A, and TR-B, covering gum turpentine and/or gum rosin issued by any of the following warehouses:

[illegible]

6. Direct loans.—The loan originates with the presentation of eligible paper, at any loan agency of Reconstruction Finance Corporation hereinafter designated, accompanied by acceptable warehouse receipts representing eligible gum turpentine and/or gum rosin. Commodity Credit Corporation will make loans direct to producers any time prior to January 1, 1948. For a direct loan Commodity Credit Corporation must be named as payee and loan documents tendered upon Producer's letter of Transmittal (C.C.C. Form TR-2) either in person or preferably by mail at the loan agency of the Reconstruction Finance Corporation most convenient to the producer. A copy of this letter of transmittal is to be retained by the producer as a memorandum. Upon approval of the documents, payment will be made pursuant to the letter.

Where the letter and documents are presented by the producer in person the certificate printed at the bottom of the letter need not be executed, provided the producer can furnish evidence satisfactory to the loan agency manager as to his identity.

7. Liability of producer.—If the producer complies with the terms of the loan agreement he will not be personally liable for any deficiency upon the sale of the pledged gum turpentine and/or gum rosin. The note and loan agreement covers the liability of the producer and should be read carefully.

8. Liens.—All gum turpentine and gum rosin tendered to Commodity Credit Corporation must be free and clear of all liens except in favor of the lienholders listed in the space provided therefor in the loan agreement. The names of the holders of all existing liens on the pledged gum turpentine and/or gum rosin must be included, before sale, or mortgagees (but not warehousemen), must be listed in the space provided therefor in paragraph 2 of the loan agreement. A waiver agreement as to prior liens, or otherwise, will render the borrower personally liable under the terms of the loan agreement (C.C.C. Form TR-2) and criminally responsible under section 10a of the Commodity Credit Corporation Act, as amended, and/or section 1m prescribed at the end of the loan agreement (C.C.C. Form TR-2).

The waiver and consent as contained in paragraph 2 of the loan agreement must be signed personally by all lienholders listed or by their agents vested with express authority to sign must be timely attached if such lienholders are individuals, or if corporations by the designated officer thereof certifying evidence to vesting such authority, in which case the evidence of authority must be attached.

The producer may direct in the letter of transmittal that the loan proceeds check be made payable to him and/or such other person as concerns so in any direct.

9. Warehouse.—Commodity Credit Corporation will accept warehouse receipts pledged as collateral to notes on C.C.C. Forms TR-1, TR-4, and TR-5, covering gum turpentine and/or gum rosin issued by any of the following warehouses:

Turpentine Tank & Storage Co., Savannah, Ga.
National Tank & Export Co., Savannah, Ga.
Atlantic Coast Line Railroad Co., Savannah, Ga.
Seaboard Air Line Railway Co., Savannah, Ga.
Turpentine & Rosin Factors Inc., Savannah, Ga.
Municipal Dock & Terminals, Jacksonville, Fla.
Turpentine & Rosin Factors, Inc., Jacksonville, Fla.
The Downing Co., Inc., Brunswick, Ga.
Pensacola Naval Stores Storage Co., Pensacola, Fla.
Pensacola Warehousing Co., Pensacola, Fla.
Putnam Lumber Co., Shamrock, Fla.
American Turpentine & Tar Co., New Orleans, La.
Taylor, Lowenstein & Co., Mobile, Ala.
Taylor, Lowenstein & Co., Waycross, Ga.
The Downing Co., Inc., Tifton, Ga.
Turpentine & Rosin Factors, Inc., Valdosta, Ga.
South Carolina State Warehouse No. 6080, Estill, S.C.

10. Warehouse receipts.—Only negotiable warehouse receipts issued to bearer or properly assigned by an endorsement in blank (which endorsement may be without recourse) so as to vest title in the holder, issued by above-named warehousemen, showing quantity of gum turpentine and/or number of round barrels and/or round drums of gum rosin, will be acceptable.

11. Inspection certificates.—Warehouse receipts issued by acceptable warehouses in Savannah, Brunswick, Jacksonville, and Pensacola representing gum rosin must have attached certificates of inspection showing the grades and weights of the gum rosin represented thereby executed by Federal inspectors, State inspectors, or inspectors under State or municipal authority. Warehouse receipts issued by acceptable warehouses in New Orleans, Waycross, Tifton, Valdosta, Shamrock, and Estill must have attached thereto certificates of inspection showing grades and weights of the gum rosin represented thereby executed by Federal inspectors, provided, however, that any Federal inspector may omit the weights from his certificate and in the case of such omission the warehouseman shall furnish certificat of the weights of such rosin. Warehouse receipts issued by acceptable warehouses at Mobile must have attached certificates of warehousemen certifyin the inspection, grades, and weights. All such inspection certificates must state that the gum rosin upon arrival at the warehouse bore tags issued by the Control Committee above mentioned and must identify by marks or otherwise the particular gum rosin, the grades and weights of which and the number of round barrels and/or drums, that are certified therein.

Warehouse receipts issued by acceptable warehouse representing gum turpentine must have attached certificates of inspection issued by the appropriate inspector (as above set forth for gum rosin), stating that the original containers of and/or tank cars containing said gum turpentine upon arrival at the warehouse were sealed with the tags issued by the Control Committee established by the Marketing Agreement for Gum Turpentine and Gum Rosin Processors, approved by the United States Secretary of Agriculture February 20, 1934.

12. Identification marks.—Every producer shall stencil or mark on each package of gum rosin the words "gum rosin" and in addition his individual shipping mark.

Turpentine Tank & Storage Co., Savannah, Ga.
National Tank & Import Co., Savannah, Ga.
Atlantic Coast Line National Co., Savannah, Ga.
Seaboard Air Line Railway Co., Savannah, Ga.
Turpentine & Resin Factors Inc., Savannah, Ga.
Municipal Dock & Terminals, Jacksonville, Fla.
Turpentine & Resin Factors, Inc., Jacksonville, Fla.
The Dowling Co., Inc., Brunswick, Ga.
Pensacola Naval Stores Storage Co., Pensacola, Fla.
Pensacola Warehousing Co., Pensacola, Fla.
Pensacola Lumber Co., Cheyenne, Fla.
American Turpentine & Tar Co., New Orleans, La.
Taylor, Lowenstein & Co., Mobile, Ala.
Taylor, Lowenstein & Co., Savannah, Ga.
The Dowling Co., Inc., Hilton, Ga.
Turpentine & Resin Factors, Inc., Valdosta, Ga.
North Carolina State Warehouse No. 6000, Wilmington, N.C.

10. Warehouse receipts.—Only negotiable warehouse receipts issued to bearer or properly assigned by an endorsement in blank (which endorsement may be without recourse) so as to vest title in the holder, issued by above-named warehousemen, showing quantity of gum turpentine and/or barrel rosin and/or round drums of gum rosin, will be acceptable.

11. Inspection certificates.—Warehouse receipts issued by acceptable warehouses in Savannah, Brunswick, Jacksonville, and Pensacola representing gum rosin must have attached certificates of inspection showing the grades and weights of the gum rosin represented thereby executed by Federal inspector, State inspector, or inspectors under State or municipal authority. Warehouse receipts issued by acceptable warehouses in New Orleans, Mobile, Pensacola, Hilton, Valdosta, Savannah, and Wilmington must have attached thereto certificates of inspection showing grades and weights of the gum rosin represented thereby executed by Federal inspectors, provided, however, that any Federal inspector may omit the weights from his certificate and in the case of such omission the warehouseman shall furnish certificates of the weights of such rosin. Warehouse receipts issued by acceptable warehouses at Mobile must have attached certificates of warehousemen certifying the inspection, grades, and weights. All such inspection certificates must state that the gum rosin upon arrival at the warehouse bore tags issued by the Central Committee above mentioned and must identify by marks or otherwise the particular gum rosin, the grades and weights of which and the number of round barrels and/or drums, they are certified thereto.

Warehouse receipts issued by acceptable warehouse representing gum turpentine must have attached certificates of inspection issued by the appropriate inspector (as above set forth for gum rosin), stating that the original containers of such turpentine had bore tags issued by the Central Committee above mentioned and must identify by marks or otherwise the particular gum turpentine, the grades and weights of which and the number of round barrels and/or drums, they are certified thereto.

12. Identification marks.—Every warehouse receipt issued on gum rosin and/or gum turpentine must contain the words "gum rosin" and in addition his individual shipping mark.

13. Warehouse charges.—The warehouseman's charges are limited and his obligations defined by the form of warehouseman's certificate and waiver provided in paragraph 1 of the loan agreement. This should be read carefully and must be executed by the warehouseman issuing the gum turpentine and/or gum rosin warehouse receipts pledged as collateral to the producer's note.

14. Insurance.—Holders of notes desiring insurance coverage until such time as the notes are sold to Commodity Credit Corporation should obtain such coverage at their own expense. Commodity Credit Corporation has obtained a blanket marine policy for the risks of fire, windstorm, cyclone, tornado, earthquake, lightning, and flood (resulting from rise of navigable waters) covering all gum turpentine and/or gum rosin pledged as security to producers' notes held by it. This policy covers the pledged gum turpentine and/or gum rosin for the amount of the loan plus accrued interest and charges or the market value, whichever is the greater, and the premium is 5 cents per $100 value on turpentine per month and 10 cents per $100 value on gum rosin per month.

Banks and other lending agencies may obtain such insurance coverage as they desire through the usual local channels or they may secure coverage under the blanket policy carried by Commodity Credit Corporation. Banks and other lending agencies desiring to obtain this coverage should write Commodity Credit Corporation, Washington, D. C., and appropriate instructions will be issued together with the necessary forms for reporting thereunder.

Upon purchase by Commodity Credit Corporation from banks and other lending agencies of eligible paper, an allowance will be made (to cover insurance) of 1½ cents per 50-gallon barrel of gum turpentine, 1 cent per 50-gallon barrel of gum spirits of bulk turpentine, and ½ cent per commercial barrel of gum rosin for each whole month or part thereof from the date of the producer's note to the first day of the month of purchase.

15. Federal Reserve banks.—The Federal Reserve banks and branches thereof will act as fiscal agents of the Reconstruction Finance Corporation in making disbursement on eligible paper approved by the Loan Agency of the Reconstruction Finance Corporation. Such notes, together with the warehouse receipts securing the same, will be held by the Federal Reserve banks as security for the loans made by the Reconstruction Finance Corporation to Commodity Credit Corporation.

Upon the approval of the documents by specified loan agencies, the Federal Reserve banks or branches thereof, are authorized to make payment therefor as the producer or lending agency or holder may direct.

16. Loan Agencies of the Reconstruction Finance Corporation.—Loan Agencies of the Reconstruction Finance Corporation previously referred to herein are located in the following cities:

Atlanta, Ga.
Birmingham, Ala.
Jacksonville, Fla.
New Orleans, La.

The Managers of said Loan Agencies have been directed by Reconstruction Finance Corporation to examine and approve all documents tendered for loans from or purchase by Commodity Credit Corporation and arrange for payment of proceeds through the Federal Reserve bank or branch thereof situated in the city where the Loan Agency is located.

17. Release of collateral.—If the producer's note was made payable directly to Commodity Credit Corporation and he desires to obtain the release of all of the collateral on payment he should notify the Federal Reserve bank or branch thereof to which the note was delivered, identifying his note by date and amount and listing the name and address of the bank to which he desires it forwarded for collection. Where documents are transmitted to an approved bank they will be sent, with a request to return them to the sender, if payment and release are not effected within 15 days. All charges and expenses of the bank are to be paid by the producer. If his note was madepayable to a payee other than Commodity Credit Corporation, the producer should notify the payee named therein.

Partial releases will be handled under the same procedure except that the producer will be required to pay the current market price on the Savannah market for the gum turpentine and/or gum rosin represented by the warehouse receipt or receipts sought to be released less deduction of 6 cents per gallon of gum spirits of bulk turpentine, and in no event less than the amount advanced upon such gum turpentine and/or gum rosin, plus accrued interest thereon and proper charges. The producer in writing the Federal Reserve bank or branch thereof must identify, of course, the warehouse receipt or receipts he wishes forwarded to an approved bank for release to him or his order upon payment as aforesaid.

The lending agency or holder upon accepting partial payments shall endorse on the note in ink the amount received, the date of payment, and the quantity of gum turpentine and/or gum rosin released.

18. Conversion of outstanding loans.—Producers who now have loans outstanding on C.C.C. Forms TR or TR-A, and desire loans on the basis of these instructions, and C.C.C. Form TR-B should secure the release of the warehouse receipts in the manner provided in paragraph 17 hereof. New Loan documents should then be completed in accordance with these instructions.

The Managers of said Loan Agencies have been directed by Reconstruction Finance Corporation to examine and approve all documents tendered for loans from or purchase by Commodity Credit Corporation and arrange for payment or proceeds through the Federal Reserve Bank or branch thereof situated in the city where the Loan Agency is located.

17. Release of collateral.—If the producer's note was made payable directly to Commodity Credit Corporation and he desires to obtain the release of all of the collateral he prepaid he should notify the Federal Reserve bank or branch thereof to which the note was delivered, identifying the note by date and amount and listing the name and address of the bank to which he desires it forwarded for collection. Where documents are transmitted to an approved bank they will be sent, with a request to return them to the maker, if payment and release are not effected within 10 days. All charges and expenses of the bank are to be paid by the producer. If his note was redeemable to a payee other than Commodity Credit Corporation, the producer should notify the payee named therein.

Partial releases will be handled under the same procedure except that the producer will be required to pay the current market price on the Savannah market for the gum turpentine and/or gum rosin represented by the warehouse receipt or receipts sought to be released less deduction of 6 cents per gallon of gum spirits of full turpentine, and in no event less than the amount advanced upon such gum turpentine and/or gum rosin, plus accrued interest thereon and proper charges. The producer in writing the Federal Reserve bank or branch thereof must identify, of course, the warehouse receipt or receipts he wishes forwarded to an approved bank for release to him or his order upon payment as aforesaid.

The lending agency or holder upon accepting partial payment shall endorse on the note in ink the amount received, the date of payment, and the quantity of gum turpentine and/or gum rosin released.

18. Conversion of outstanding loans.—Producers who now have loans outstanding on G.O.O. Form TR or TR-4, and desire loans on the basis of these instructions, and G.O.O. Form TR-3 should secure the release of the warehouse receipts in the manner provided in paragraph 17 hereof. New loan documents should then be completed in accordance with these instructions.

ORIGINAL PAYEE'S ENDORSEMENT

Pay to the order of

.....
without recourse on the undersigned.

For the purpose of inducing the purchase of this note by the Commodity Credit Corporation and of enabling the endorsee to pledge said note to the Reconstruction Finance Corporation for its indebtedness, the undersigned hereby represents and warrants that the face amount thereof was paid to the maker of said note by the undersigned on the date thereof without deduction for interest, commissions, storage, insurance, or other charges, and since then the beneficial interest in and risk of loss on said note always has been in the undersigned. The transaction with the payor was accomplished without the intervention or use by the undersigned of any bank correspondents or agents or representatives other than the regular and usual officers and employees of the undersigned at their usual places of employment.

Read, considered, and signed this.....day of .....,193 .

.....
(Original payee must sign exactly as written on the reverse of the notes)

(Last Endorser Sign Here)

Pay to the order of

.....
without recourse on the undersigned.

.....
(Last endorser sign exactly as written in above endorsement)

Commodity Credit Corporation May Refuse to Recognize or Accept Endorsements Containing Additions, Erasures, or Alterations.

ORIGINAL
DUPLICATE

C.C.C. Form TR-B
Commodity Credit Corporation

DO NOT WRITE ON THIS FORM UNTIL YOU HAVE CAREFULLY READ "INSTRUCTIONS"
(C.C.C. FORM TR-6)

GUM TURPENTINE AND GUM ROSIN PRODUCER'S NOTE

C.....Date.....

On or before February 1, 1935, for value received, the undersigned promises to pay to the order of .....
....., payee, at the office of the Commodity Credit Corporation, Washington, D. C.,.....dollars, with interest from the date hereof at the rate of 4 per centum per annum payable at maturity. The makers and endorsers severally waive presentment for payment, demand, protest, notice of protest, and notice of nonpayment of this note.

This note is secured by a pledge of warehouse receipts representing .....gallons of gum spirits of turpentine in tanks,.....(.....wooden round gallons of gum spirits of bulk turpentine in tanks, and.....metal round barrels) drums) aggregating.....pounds of gum resin.

WITNESS:

.....
(Name) (Address) (Signature of producer)

(Fill all blanks with ink, indelible pencil, or typewriter in both note and agreement. Only white copy marked original is to be executed; the colored copy marked duplicate is to be retained by the producer. No papers containing additions, erasures, or alterations will be accepted by Reconstruction Finance Corporation or Commodity Credit Corporation. Payer and payee must not be the same person.)

LOAN AGREEMENT

Print (Producer.....County.....)Print
or (Address.....R.F.D.....State.....) or
Type (Post office) Type

To secure note of.....of $.....Payable to.....
(Date) (Insert face amount) (Name of payee)

ORIGINAL
DUPLICATE

G.C.C. Form 75-6
Commodity Credit Corporation

Do not write on this form until you have carefully read "INSTRUCTIONS" (G.C.C. Form 75-8)

GUM TURPENTINE AND GUM ROSIN PRODUCER'S NOTE

.....Date.....

On or before February 1, 1955, for value received, the undersigned promises to pay to the order of .....

....., Texas, at the offices of the Commodity Credit Corporation, Washington, D. C., ...dollars, with interest from the date hereof at the rate of 4 per centum per annum payable at maturity. The makers and endorsers severally waive presentment for payment, demand, protest, notice of protest, and notice of nonpayment of this note.

This note is secured by a pledge of warehouse receipts representing .....gallons of gum spirits of turpentine in tanks.....
gallons of gum spirits of bulk turpentine in tanks, and.....metal round barrels) .....wooden round
drums) equivalent.....pounds of gum rosin.

WITNESS:

.....

(Name) (Address) (Signature of producer)

(Fill all blanks with ink, indelible pencil, or typewriter in both note and agreement. Only white copy marked original is to be executed; the colored copy marked duplicate is to be retained by the producer. No papers containing additions, erasures, or alterations will be accepted by Insurrection Finance Corporation or Commodity Credit Corporation. Payee and payee must not be the same person.)

LOAN - ADDENDUM

Print (Producer.....County.....)Print
or ( ) or
Type (Address.....R.F.D.....State.....)Type
(Post office)

To secure note of.....of $.....Payable in.....
(Date) (Insert face amount) (Name of payee)

---

1. The undersigned hereby sells, assigns, pledges, and/or hypothecates to said payee and any subsequent holder, the following warehouse receipts for gum spirits of turpentine in tanks and/or gum spirits of bulk turpentine in tanks and/or gum rosin as collateral security for the payment of the indebtedness as evidenced by the note referred to above in this loan agreement:

(Obtain information for schedule from warehouse receipts and inspector's certificates. If space insufficient, attach schedule firmly. Have producer and warehouseman identify same by signatures. Note in space below that schedule is attached and fill in spaces in line marked "Total" only.)

Schedule of Warehouse Receipts Name - Warehouse	Address	Commodity	Warehouse receipt no.	Number gals. or comm. barrels.*	Grade	Loan value** per gal. or comm. barrel	Total loan value
.....							$.....
.....							
.....							

*Commercial barrel of gum rosin consists of 280 lbs. gross weight (wooden barrel) or 230 lbs. net weight(metal drum). Include fractions of barrels.

**The loan value is set forth in section 3 of the Instructions CCC. Form TR-6.

Total, $.....

All gum spirits of turpentine listed in the above or attached schedule consists of "gum turpentine in tanks" unless the receipt number in the above or attached schedule is marked "X" (indicating "bulk turpentine in tanks"). As used hereafter, unless otherwise indicated, the term "gum turpentine" shall include gum spirits of bulk turpentine.

WAREHOUSEMAN'S CERTIFICATE AND WAIVER

All charges on the above gum turpentine and/or gum rosin are paid to October 1, 1934, or the dates of the warehouse receipts, whichever are later. Said gum turpentine and/or gum rosin are in existence, are undamaged, and said gum turpentine is stored in tanks and the original containers, if any, stored on the premises of the undersigned, under cover and free of cost. The barrels or drums containing said gum rosin have not previously been used and are in good condition and properly stored. The gum turpentine represented by the above warehouse receipts grades standard. Commodity Credit Corporation may, by agents or otherwise, inspect the gum turpentine and/or gum rosin, the warehouse, yards, barrels, drums, and tanks and the records of the warehouse at any time. No lien will be claimed for insurance on the gum turpentine or gum rosin. Lien on gum turpentine for all other charges including receiving, tanking, storing and (unless delivered in tank cars) redelivering in reglued regular turpentine barrels will not be claimed for more than the rates under the established tariffs of the

I. The undersigned hereby sells, assigns, pledges, and/or hypothecates to said payee and any subsequent holder, the following warehouse receipts for gum spirits of turpentine in tanks and/or gum spirits of bulk turpentine in tanks and/or gum rosin as collateral security for the payment of the indebtedness as evidenced by the note referred to above in this loan agreement:

(Obtain information for schedule from warehouse receipts and inspector's certificates. If space insufficient, attach schedule firmly. Have producer and warehouseman identify same by signatures. Note in space below that schedule is attached and fill in space in line marked "Total" only.)

Schedule of Warehouse Receipts Mean - Warehouse	Address:	Commodity	Warehouse receipt no.	Number gals. or comm. barrels*	Grade: per gal. or comm. barrel:	Loan value per gal. or value	Total loan value**

Total, $.....

All gum spirits of turpentine listed in the above or attached schedule consists of "gum turpentine in tanks" unless the receipt number in the above or attached schedule is marked "X" (indicating "bulk turpentine in tanks"). As used hereafter, unless otherwise indicated, the term "gum turpentine" shall include gum spirits of bulk turpentine.

AFFIDAVIT AND WAIVER

All charges on the above gum turpentine and/or gum rosin are paid to October 1, 1934, or the dates of the warehouse receipts, whichever are later. Said gum turpentine and/or gum rosin are in existence, are undamaged, and said gum turpentine is stored in tanks and the original containers, if any, stored on the premises of the undersigned, under cover and free of cost. The barrels or drums containing said gum rosin have not previously been used and are in good condition and properly stored. The gum turpentine represented by the above warehouse receipts grades at least hard. Commodity Credit Corporation may, by agents or otherwise, inspect the gum turpentine and/or gum rosin, the warehouses, yards, barrels, drums, and tanks and the records of the warehouses at any time. No lien will be claimed for insurance on the gum turpentine or gum rosin. Lien on gum turpentine for all other charges including receiving, handling, storing and insurance delivered in tank cars) redelivering in regular turpentine barrels will not be claimed for more than the rates under the established tariffs of the

*Commercial barrel of gum rosin consists of 280 lbs. gross weight (wooden barrel) or 250 lbs. net weight (metal drum). Include fractions of barrels.

**The loan value is set forth in section 3 of the Instructions CCC. Form TR-6.

undersigned warehouseman in effect July 1, 1934, less one and one-quarter (1¼) cents per month per barrel of 50 gallons of gum spirits of turpentine and one (1) cent per month per barrel of 50 gallons of gum spirits of bulk turpentine. Lien on gum rosin will not be claimed for more than the rates under the established tariffs of the undersigned warehouseman in effect July 1, 1934.

All warehouse and storage charges accruing in any calendar month shall be payable on the 15th day of the calendar month next succeeding unless the gum turpentine and/or gum rosin are withdrawn at an earlier date. As used herein, unless otherwise indicated, the term "gum turpentine" shall include gum spirits of bulk turpentine.

Date.....,193 .....by.....
(Signature of warehouseman) (Agent or officer (title))

(Attention of warehousemen is called to paragraph referring to the criminal section quoted at the end of this agreement. Warehouseman's certificate must not be dated more than five days preceding date of abovementioned note.)

2. In consideration of the loan evidenced by the aforementioned note, the undersigned producer represents to and agrees with all holders of the note as follows:

That the crude gum (oleoresin) from which the gum turpentine and/or gum rosin represented by the warehouse receipts listed herein was derived, was produced or acquired by or for the undersigned producer in 1934 as landowner, landlord, or lessee; that the beneficial title to the crude gum (oleoresin) and the gum turpentine, and/or gum rosin derived therefrom is and always has been in the undersigned producer; that said gum turpentine and/or gum rosin are merchantable according to the rules of the Savannah Board of Trade; that he is the owner and has the legal right to pledge same and that he has signed the Marketing Agreement for Gum Turpentine and Gum Rosin Processors approved by the United States Secretary of Agriculture, February 20, 1934, and that said gum turpentine, and/or gum rosin are within the 1934 marketing quota for the undersigned under the said marketing agreement and have been tagged accordingly.

multiplied warehousemen in effect July 1, 1954, then one and one-quarter (1½) cents per month per barrel of 50 gallons of gum spirits or of turpentine and one (1) cent per month per barrel of 50 gallons of gum spirits or of gum turpentine. Liens on gum rosin will not be claimed for more than the rates under the established tariffs of the underlined warehousemen in effect July 1, 1954.

All warehouse and storage charges accruing in any calendar month shall be payable on the 15th day of the calendar month next succeeding unless the gum turpentine and/or gum rosin are withdrawn at an earlier date. As used herein, unless otherwise indicated, the term "gum turpentine" shall include gum spirits of Barl turpentine.

Date.....,195 .....by.....
(Signature of warehouseman) (Agent or officer (title))

(Attention of warehouseman is called to paragraph referring to the criminal section quoted at the end of this agreement. Warehouseman's certificate must not be dated more than five days preceding date of above-mentioned notice.)

B. In consideration of the loan evidenced by the aforementioned note, the undersigned producer represents to and agrees with all holders of the note as follows:

That the crude gum (oleoresin) from which the gum turpentine and/or gum rosin represented by the warehouse receipts itemized herein was derived, was produced or acquired by or for the undersigned producer in 1954 as landowner, landlord, or lessee; that the beneficial title to the crude gum (oleoresin) and the gum turpentine, and/or gum rosin derived therefrom is and always has been in the undersigned producer; that said gum turpentine and/or gum rosin are merchantable according to the rules of the Savannah Board of Trade; that he is the owner and has the legal right to pledge same and that he has signed the Marketing Agreement for Gum Turpentine and Gum Rosin Producers approved by the United States Secretary of Agriculture February 20, 1954, and that said gum turpentine, and/or gum rosin are within the 1954 marketing quota for ginpendergrowers under the said marketing agreement and have been tagged accordingly.

LIST OF LIENHOLDERS AND THEIR WAIVER AND CONSENT TO PLEDGE	
The party making this loan agreement certifies that the gum turpentine and/or gum rosin covered by this agreement is free and clear of any and all liens and encumbrances except in favor of the lienholders listed herein below. If no liens, insert "None."	I (we) hereby certify that I (we) are the herein-named holders of liens on the gum turpentine and/or gum rosin covered by this agreement and hereby authorize (1) the pledge of the same in accordance with this agreement, and the above-mentioned note and any extension or renewal thereof, and (2) redelivery of warehouse receipts on payment of the loan, and (3) payment of any proceeds of this loan and of the proceeds of the sale of such gum turpentine and/or gum rosin or insurance proceeds to the party making this loan agreement.
Name of Lienholder Including Federal Agencies	Signature of Lienholders (or Agents with duly executed authority firmly attached)
.....	.....
.....	.....
.....	.....

3. Any holder may declare the note immediately due and payable upon the occurrence of any of the following events:

(a) When and so long as the price per unit of standard gum spirits of turpentine and grade H gum rosin on the Savannah, Georgia market, as determined by the Bureau of Agricultural Economics of the United States Department of Agriculture shall be at or above $70 per unit.

(b) Upon discovery that the undersigned has made any misrepresentation herein or in connection with the loan evidenced by said note.

(c) Upon any failure on the part of the undersigned to comply with the Marketing Agreement for Gum Turpentine and Gum Rosin Processors approved by the United States Secretary of Agriculture February 20, 1934, and any amendments thereto and/or the license issued by the United States Secretary of Agriculture, March 9, 1934, and any amendments thereto.

(d) Upon the filing by the undersigned of a petition in bankruptcy or for a composition or extension of debt under the bankruptcy act.

4. After February 1, 1935, or on the happening and continuance of any of the foregoing events, any holder is authorized to place all or any part of said gum turpentine and/or gum rosin in any pool or pools with any other gum turpentine or gum rosin held by the holder under generally similar loan agreements, and, either by pool or separate contract, to sell, assign, transfer, and deliver the gum turpentine and/or gum rosin or documents evidencing title to gum turpentine or gum rosin, at such time, in such manner, for cash or upon such terms and conditi ns, as such holder may determine, at any exchange, or elsewhere, or through any agency, at public or private sale, for immediate or future delivery, and without demand, advertisement, or notice of the time and place of sale or adjournment thereof or otherwise; and upon such sale, the holder may become the purchaser of the whole or any part of such collateral security.

LIST OF LIENHOLDERS AND THEIR WAIVER AND CONSENT TO MORTGAGE

The party making this loan agreement certified that the gun turpentine and/or gum rosin covered by this agreement is free and clear of any and all liens and encumbrances except in favor of the lienholders listed herein below. If no liens, insert "None."

Name of Lienholder (including Federal Agencies)	Signature of Lienholders (or Agents with duly executed authority firmly attached)
.....	.....
.....	.....
.....	.....

3. Any holder may declare the note immediately due and payable upon the occurrence of any of the following events:

(a) When and so long as the price per unit of standard gum spirits of turpentine and grade X gum rosin on the Savannah, Georgia market, as determined by the Bureau of Agricultural Economics of the United States Department of Agriculture shall be at or above $70 per unit.

(b) Upon discovery that the undersigned has made any misrepresentation herein or in connection with the loan evidenced by said note.

(c) Upon any failure on the part of the undersigned to comply with the Marketing Agreement for Gum Turpentine and Gum Rosin Producers approved by the United States Secretary of Agriculture January 30, 1934, and any amendment thereto and/or the Marketing Order issued by the United States Secretary of Agriculture, March 9, 1934, and any amendments thereto.

(d) Upon the filing by the undersigned of a petition in bankruptcy or for a composition or extension of debt under the bankruptcy act.

4. After February 1, 1935, at the happening and continuance of any of the foregoing events, any holder is authorized to place all or any part of said gum turpentine and/or gum rosin in any pool or pools with any other gum turpentine or gum rosin held by the holder under generally similar loan agreements, and, either by pool or separate contract, to sell, mortgage, pledge, and deliver the gum turpentine and/or gum rosin or documents evidencing title to gum turpentine or gum rosin, at such time, in such manner, for cash or upon such terms and conditions, as such holder may determine, at any exchange, or elsewhere, or through any agency, at public or private sale, for immediate or future delivery, and without demand, advertisement, or notice of the time and place of sale or adjournment thereof or otherwise; and upon such sale, the holder may become the purchaser of the whole or any part of said collateral security.

5. After deducting all fees, costs, and expenses, incident to insuring, carrying, handling, and marketing the collateral and accounting to the undersigned producer, including reasonable attorney fees, the holder shall apply the residue of any sales proceeds or insurance proceeds toward the payment of the amounts advanced upon the above-mentioned note, returning the overplus, if any, only to the undersigned or his personal representatives, without right of assignment to or substitution of any other party. The undersigned shall be and remain liable to the holder for any deficiency only in the event that he does not comply with the provisions of the Marketing Agreement for Gum Turpentine and Gum Rosin Processors approved by the United States Secretary of Agriculture, February 20, 1934, and any amendments thereto and/or the license issued by the United States Secretary of Agriculture, March 9, 1934, and any amendments thereto or has made any misrepresentations herein or in connection with the loan represented by the above-mentioned note.

6. The undersigned agrees that in the event Commodity Credit Corporation becomes the holder of the above-mentioned note it may, before or after maturity, move the collateral gum turpentine and/or gum rosin from one storage point to another and pay freight; may repair or cause to be repaired barrels or containers for the commodities; may insure or reinsure against any risks, or otherwise handle or deal with the commodity, as may be deemed appropriate and proper, subject to the terms of this loan agreement, releasing, substituting, and obtaining any and all instruments and documents, and paying or discharging any accrued or accruing charges or expenses as may in any way be appropriate or necessary therefor. Any costs and expenses connected with such handling shall be a charge against the commodities, payable out of any sales and/or insurance proceeds thereof.

7. Upon purchase by Commodity Credit Corporation any holder of the above-mentioned note may receive, as payment for insurance costs, the sum of one and one-quarter ($1\frac{1}{4}$) cents per 50-gallon barrel of gum turpentine, one (1) cent per 50-gallon barrel of gum spirits of bulk turpentine, and one-half ($\frac{1}{2}$) cent per commercial barrel of gum rosin for each whole month or fractional part thereof from the date of the note to the first day of the month of purchase plus amounts advanced by such holders in payment of carrying and handling costs as verified by Commodity Credit Corporation.

8. The undersigned further warrants for the benefit of any holder of the note, other than the payee, that he has no defenses to said note or set-offs or counterclaims against the payee; that none will be claimed which may hereafter arise against any prior party and that in case of any judicial proceedings on said note by any such holder he hereby waives the right to any and all defenses, counterclaims, or set-offs against any or all prior parties.

9. The undersigned producer as well as all lienholders and their agents by executing waiver and consent in paragraph two (2), and all warehousemen by executing certificate and waiver in paragraph one (1) agrees that they and each of them have full knowledge of the provisions of section 16 (a) of the Reconstruction Finance Corporation Act as amended,* and have made the representations and statements contained in this loan agreement, for the purpose of influencing the Reconstruction Finance Corporation, to acquire the above-mentioned note by purchase, discount, or rediscount, or as security for a loan to the payee or its assignees, or otherwise, or to extend or renew credit in reliance thereon.

10. Unless the note is made payable to Commodity Credit Corporation

5. After deducting all fees, costs, and expenses, incident to insuring, carrying, handling, and marketing the collateral and accounting to the undersigned producer, including reasonable attorney fees, the holder shall apply the results of any sales proceeds or insurance proceeds toward the payment of the amounts advanced upon the above-mentioned note, returning the surplus, if any, only to the undersigned or his personal representatives, without right of recourse to or substitution of any other party. The undersigned shall be and remain liable to the holder for any deficiency only in the event that he does not comply with the provisions of the Marketing Agreement for Gum Turpentine and Gum Rosin Processors approved by the United States Secretary of Agriculture, February 20, 1934, and any amendments thereto and/or the limited permit by the United States Secretary of Agriculture, March 9, 1934, and any amendments thereto or has made any misrepresentations herein or in connection with the loan represented by the above-mentioned note.

6. The undersigned agrees that in the event Commodity Credit Corporation becomes the holder of the above-mentioned note if any, before or after maturity, move the collateral gum turpentine and/or gum rosin from one storage point to another and pay freight; pay repair or cause to be repaired barrels or containers for the commodity; pay insurance or warehouse expenses or other charges; or otherwise handle or deal with the commodity, as may be deemed appropriate and proper, subject to the terms of this loan agreement, release, substitution, and obtaining any and all instruments and documents, and paying or discharging any accrued or accruing charges or expenses as may in any way be appropriate or necessary therefor. Any costs and expenses incurred with such handling shall be a charge against the commodities, payable out of any sales and/or insurance proceeds therefor.

7. Upon purchase by Commodity Credit Corporation, any holder of the above-mentioned note may provide, as payment for insurance costs, the sum of one and one-quarter (1¼) cents per 50-gallon barrel of gum turpentine, one (1) cent per 50-gallon barrel of gum spirits of bulk turpentine, and one-half (½) cent per commercial barrel of gum resin for each whole month or fractional part thereof from the date of the note to the first day of the month of purchase plus amounts advanced by such holders in payment of carrying and handling costs as verified by Commodity Credit Corporation.

8. The undersigned further warrants for the benefit of any holder of the note, other than the payee, that he has no defenses to said note or set-offs or counterclaims against the payee; that none will be claimed which may hereafter arise against any prior party and that in case of any judicial proceedings on said note by any such holder he hereby waives the right to any and all defenses, counterclaims, or set-offs against any or all prior parties.

9. The undersigned producer as well as all lienholders and tenants by executing waiver and consent in paragraph two (2), and all warehousemen by executing certificate and waiver in paragraph one (1) agree that they and each of them have full knowledge of the provisions of section 10 (a) of the Commodity Exchange Commission Act as amended,* and have made the representations and statements contained in this loan agreement for the purpose of inducing the Commodity Credit Corporation, to acquire the above-mentioned note by purchase, discount, or rediscount, or as security for a loan to the payee or the warehouse, or otherwise, or to extend or renew credit in reliance thereon.

10. Unless the note is made payable to Commodity Credit Corporation

the undersigned producer represents he received on the day the above-mentioned note is dated the full amount of such note without deductions for interest, commissions, storage, insurance, or other charges, and hereby acknowledges that he received a copy of this agreement and the above-mentioned note.

Read, considered, and signed.

WITNESS:

....
(Signature of producer)

..... By.....
(Address) (For corporate or agent's signature)

*Section 16(a) of the Reconstruction Finance Corporation Act provides:
"Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both."

the undersigned producer representsthat he received on the day the above-mentioned note is dated the full amount of such note without deductions for interest, commissions, storage, insurance, or other charges, and hereby acknowledges that he received a copy of this agreement and the above-mentioned note.

Read, considered, and signed.

DATED:

.....
(signature of producer)

.....
(address)

By.....
(for corporate or agent's signature)

"Section 16(a) of the Warehouse Tickets Licensing Act provides:

"Whoever makes any statement knowing it to be false, or wrongfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, issuance, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both."

C. C. C. Form TR-B

ADVICE OF LOAN

LENDING AGENCY MUST DETACH THIS SLIP AND MAIL TO COMMODITY CREDIT CORPORATION, WASHINGTON, D. C.

To: Commodity Credit Corporation,
Washington, D. C.

We have this day made gum turpentine and gum rosin producer's loan as follows:

Producer's name	Producer's address	Date of loan	No. gals. or comm. bbls.	Net amount of loan
.....	.....	.....	.....	$.....
.....	.....	.....	.....	$.....

.....(Date) .....(Address) .....(Lending agency)

Waynesboro, Miss., Dec. 4th., 1934

Hon. Henry A. Wallace, Secy. Agriculture,

Washington, D. C.

Dear Mr. Wallace:-

The four year average contained in the original Marketing Agreement for gum turpentine and gum rosin processors being, so imperfect as to have caused numerous cases of distress among the several operators: I wish to advocate a change in the method of allotment and I will suggest for that purpose the Suggested Amendment to Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin, Docket No. MA-250-L-28 as being infinitely superior to the present basis of allotment.

In furtherance of the above I would like to state my own circumstances as follows: In 1933 I increased my operations to 310 units after having bought timber, bought turpentine cups, and paid labor for hanging etc., during this year I furnished work for a number of people more than I did the three preceding years, my four year average was 159 units, my 1934 allotment was 119 units or in other words only 38.3 percent of my 1933 production. All the necessary equipment for operating the timber was in place and I yet own the timber, (Although if this condition exists I will be unable to pay over-head expenses and taxes), my allotment was such that I have been seriously hampered and I do not believe that I can continue my operation with the present allotment.

If I cannot obtain a more fair and increased allot-

Seymourdore, Miss., Dec. 4th., 1934

Hon. Henry A. Wallace, Secy. Agriculture,

Washington, D. C.

Dear Mr. Wallace:-

The four year average contained in the original Marketing Agreement for gum turpentine and gum rosin processors being, so imperfect as to have caused numerous cases of distress among the several operators; I wish to advocate a change in the method of allotment and I will suggest for that purpose the Suggested Amendment to Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended Licenses for Processors of Gum Turpentine and Gum Rosin, Docket No. NA-GRO-1-GR as being initially superior to the present basis of allotment.

In furtherance of the above I would like to state my own circumstances as follows: In 1928 I increased my operations to 310 units after having bought timber, bought turpentine cups, and paid labor for hanging etc., during this year I furnished work for a number of people more than I did the three preceding years. My four year average was 130 units, my 1934 allotment was 117 units or in other words only 38.3 percent of my 1928 production. All the necessary equipment for operating the timber was in place and I put out the timber. (Although if this condition exists I will be unable to pay over-head expenses and taxes). My allotment was such that I have been seriously injured and I do not believe that I can continue my operation with the present allotment.

If I cannot obtain a more fair and increased allot-

ment for 1935 and succeeding years I fear that the timber which I have bought will go back to its former owners and I will have lost everything that I put into it in addition to having lost an opportunity of realizing something on my investment as well as a livelihood. In other words I face the bankrupt course if relief cannot be afforded. I wish to say that this is no idle jest nor is it applicable to myself alone, but on the other hand to many processors.

Under the proposed change I will have an average of 215 units, and in my opinion this would be far below an average that might be necessary in reducing crop to the size desired by the Control Committee.

If the present four year average is continued from year to year my allotment will be reduced, while on the other hand allotments of some other operators will be increased, this I submit is unfair.

In using my own case as an example I did so feeling that it was one of the extreme cases and might best serve your purpose in reviewing the situation in order that you might arrive at some basis that will afford relief to many small processors like myself and many small gum producers.

_____
Mrs. Ida Mozingo

STATE OF MISSISSIPPI
WAYNE COUNTY.

Personally appeared before me the undersigned authority in and for said State and County, the within named Mrs. Ida Mozingo, who acknowledged that she signed, sealed and delivered the above fore-

and for 1920 and succeeding years I feel that the income which I have bought will go back to its former macre and I will have lost everything that I put into it in addition to having lost an opportunity of realizing something on my investment as well as a livelihood. In other words I face the bankrupt course if relief cannot be effected. I wish to say that this is no idle jest nor is it applicable to myself alone, but on the other hand to many processors.

Under the proposed change I will have an average of 210 units, and in my opinion this would be far below an average that might be necessary in reducing crop to the size desired by the Control Committee.

If the present four year average is continued from year to year my allotment will be reduced, while on the other hand allotments of some other applicants will be increased, this I submit is unfair.

In using my own case as an example I did no feeling that it was one of the extreme cases and might best serve your purpose in reviewing the situation in order that you might arrive at some basis that will afford relief to many small processors like myself and many small growers.

Mr. Ida Hogg

STATE OF MISSISSIPPI

ALCOR COUNTY.

Personally appeared before me the undersigned authority in and for said State and County, the within named Mr. Ida Hogg, who acknowledged that she signed, sealed and delivered the above for-

going instrument as therein stated.

---

going instrument as therein stated.

December 1, 1934.

Agricultural Administrator,

Washington, D. C.

Attention: Mr. Cook, Chief Hearing Clerk

Dear Sir:

Before rendering your decision as to the change in allotment, and in order that you may do so justly, we are furnishing the facts and registering our very serious objections to same.

During the latter part of 1928 and early 1929, when the Naval Stores situation became alarming, we were advised by most of the factors, especially those from Jacksonville and Savannah, that it would be necessary that the production be reduced, and requested that we follow them in this reduction to an extent that the production would be in accordance with the demand.

We accepted these statements 100%. In other words, swallowed the bait, including hook and sinker and our production during

1929	being	27,958	units
1930		26,178	"
1931		22,496	"
1932		16,802	"
1933		17,186	"

and 1934, our production will total, as near as we can estimate now, around 14,500 units.

You can readily see that we were complying with the statements made by those in the business and at the same time

Agricultural Administrator,

Washington, D. C.

Attention: Mr. Dent, Dried Fruits Unit

Dear Sir:

Refer to regarding your decision as to the change in allotment, and in order that you may do so justly, we are furnishing the facts and regulating our very serious objections to same.

During the latter part of 1933 and early 1934, when the Naval Stores situation became alarming, we were advised by most of the factors, especially those from Jacksonville and Savannah, that it would be necessary that the production be reduced, and requested that we follow them in this reduction to an extent that the production would be in accordance with the demand.

We accepted these statements 100%. In other words, swallowed the bait, landing hook and sinker and our production during

1929	being 87,000	units
1930	80,175	"
1931	88,885	"
1932	16,805	"
1933	17,165	"

and 1934, our production will total, as near as we can estimate now, around 16,800 units.

You can readily see that we were complying with the statements made by them in the beginning and at the same time

we found instead of reducing, several of these factors had increased their production and as a total you will find from your statements that the reductions were not in accordance with ours.

We have not only tried to be honest with our competitors, but we have endeavored to work to the advantage of the Naval Stores situation, which without the government's assistance, would have been in a very much worse condition, and as it has been the policy of this administration to assist those in need we do not believe our protest will go unheeded inasmuch as it is generally recognized that laws are for the protection of the weak.

According to the new Code this will total a reduction on our part of approximately 3500 units and reduce our operations to such an extent that we will not be able to carry on satisfactorily.

It is not our intention to increase, but to carry out the instructions of the Control Committee to the letter. The Allotment as outlined by the Committee on October 15, was fair and just, we thought to everyone, and no doubt you will agree that this is a conglomeration of selecting figures from those who were directly interested no doubt without any information from us, you have the facts of the factors that desire this particular change.

Will say further that this section of Alabama and West Florida produces only about 80% of what the timber on the East Coast adjacent to Savannah and Jacksonville does, which makes it an unusual hardship. In other words, it would work a direct hardship on ourselves as well as the Alabama section.

we found instead of reduction, several of these factors had increased their production and as a total you will find from your statements that the reductions were not in accordance with ours.

Thirdly, we have not only tried to be honest with our competitors, but we have endeavored to work to the advantage of the Level Cotton situation, which without the government's assistance, would have been in a very much worse condition, and as it has been the policy of this administration to assist those in need we do not believe our protest will go unheeded because as it is generally recognized that laws are for the protection of the weak.

According to the new Code this will total a reduction of for just 24 approximately 800 mills and reduce our operations to such an extent that we will not be able to carry on satisfactorily.

It is not our intention to interfere, but is only the intentions of the Cotton Committee to the letter. The Alliance as outlined by the Committee on October 19, was fair and just, we thought to everyone, and no doubt you will agree that this is a complacency of rejecting figures from those who were directly interested no doubt without any information from us, you have the facts of the factors that decide this particular change.

Will any further that this section of Alabama and that Florida produce only about 30% of what the timber on the best land allowed to overrun and "unmerchantable-cose", which makes it an unusual hard duty. In other words, it could work a direct hardship on ourselves as well as the Alabama section.

Will be glad to furnish other information, if desired, or will see you in person.

We trust you will give these matters your kind consideration, and will say we are thoroughly in accord with the rulings of the Control Committee of October 15, and protest any change. The figures will show what we are willing and have tried to do, but it seems by being fair, our business must suffer and we know the government does not endorse any such policy.

Yours very truly,

WEST FLORIDA NAVAL STORES COMPANY

/s/ A. F. Paduick

AFP:S Vice-President

I HEREBY CERTIFY That the foregoing is true to the best of my knowledge and belief. /s/ A. F. Paduick

Sworn to and subscribed before me this 1st. day of December, 1934. /s/ G. C. Richards
Notary Public

My commission expires:

Notary Public,
My commission expires March 19, 1935.

Will be glad to furnish other information, if desired, or will see you in person.

We trust you will give these matters your kind consideration, and will say we are thoroughly in accord with the findings of the Control Committee of October 18, and protest any change. The figures will show what we are willing and have tried to do, but if beaten by being fair, our business must suffer and we know the government does not endorse any such policy.

Yours very truly,

WEST MORTON NAVAL STORES COMPANY

/s/ A. F. Fedwick

ATTEST: Vice President

I HEREBY CERTIFY that the foregoing is true to the best of my knowledge and belief. /s/ A. F. Fedwick

Sworn to and subscribed before me this 1st. day of November, 1934. /s/ O. V. Burke
Notary Public

My commission expires:

Notary Public,
My commission expires March 19, 1935.

Nov. 28, 1934.

PRODUCTION ALLOTMENT

	1933 Units	1934 Units	2 year Total	÷ 2	- 14%	= 193 Total.
Alford & Co.	23					
Barnhill Bros.	28					
Beverly Turp Co.	185	214	399	199	28	171
T. M. Cox	316	281	597	298	42	256
J. F. Cook	325	336	671	335	47	288
Campton Turp Co.	264	208	472	236	33	203
Drake & Saunders	126	154	280	140	20	120
East Bay Turp Co.	6					
R. J. Estes	939	633	1572	786	110	676
Freeport N. S. Co.	394	262	656	328	46	282
T. G. Gavin	185					
H. M. Gainer	145	164	309	154	21	133
F. L. Griffith	404	582	986	493	69	424
W. W. Harrison	374	301	675	338	47	291
High Bluff Turp Co.	391	318	709	354	49	305
Wesley Hobbs & Co.	368	333	701	350	49	301
F. A. Harrison	95	54	149	75	10	65
S. G. Harrell	99	85				
Lowery Turp Co.	172	165	337	168	25	143
Julia W. Leonard	81	74	155	78	11	67
B. H. Lee	13					
V. D. Lee	13					
Lloyd Turp Co.	240	202	442	221	31	190
McDavid Turp Co.	469	384	853	427	60	327
A. J. McMullian	720	600	1320	660	92	568
McMullian & Saunders	501	315	816	408	57	351
Mitchell, N. S. Co.	647	496	1143	571	80	491
J. J. Murphy	68	72	140	70	10	60
M. F. Northrop	800	533	1333	666	92	574
N. Bay Turp Co.	186	184	370	185	26	159
N. Fla N. S. Co.	419	451	870	435	61	374
C. L. Paul Est.	414	350	764	382	53	329
B. L. Pope	449	181	630	315	43	272
Pitts & Peacock	312	235	547	273	38	235

Nov. 30, 1924.

Inspection Licenses

	1923 Quite	1924 Quite	2 year Total	+	8	=	1924	=	Total.	143
Alfred A. Co.	20									
Marshall Hess.	20									
Beverly Tarp Co.	120		414	300		190		22		172
T. H. Cox	312		321	207		208		40		206
J. F. Cook	420		326	271		288		47		286
Compton Tarp Co.	284		300	472		234		32		202
Drake & Saunders	140		124	280		140		20		120
East Bay Tarp Co.	8									
R. J. Estes	172		222	1272		704		110		576
Freeport H. S. Co.	324		320	286		320		44		[illegible]
T. C. Davis	120									
H. M. Gainer	140		164	300		184		16		[illegible]
F. D. Griffith	404		302	[illegible]		402		22		[illegible]
W. W. Hartman	244		302	476		304		47		[illegible]
High Bluff Tarp Co.	241		316	700		384		12		[illegible]
Valley Tube & Co.	242		[illegible]	701		320		14		[illegible]
F. A. Hartman	12		24	140		72		12		24
S. G. Harrell	12		28							
Lowery Tarp Co.	172		140	327		188		[illegible]		140
Julia W. Leonard	21		74	188		78		11		77
B. H. Lee	12									
V. D. Lee	12									
Lloyd Tarp Co.	240		308	444		321		21		144
Medvid Tarp Co.	440		384	336		427		[illegible]		327
A. J. McMillan	720		660	1320		660		77		320
McMillan & Lenhart	401		316	816		402		[illegible]		401
Mitchell, M. S. Co.	447		444	1148		672		[illegible]		401
J. J. Murphy	24		72	140		72		17		20
M. F. Northrup	600		828	1320		696		92		274
N. Bay Tarp Co.	188		124	370		140		26		180
N. Via N. S. Co.	412		401	870		432		41		274
J. L. Paul Net.	412		320	721		[illegible]		32		320
D. L. Pope	447		121	820		212		42		272
Pitts & Tweedt	212		244	347		272		32		232

	1933 Units	1934 Units	2 year Total	÷ 2	- 14%	= 1935 Total.
Pine Log Turp Co.	261	277	[illegible]	269	[illegible]	251
Russ Turp Co.	365	420	785	392	54	338
H. A. Ray	6	26	32	16	02	14
Slocomb Turp Co.	311	235	546	273	38	235
Sandy Creek T. Co.	825	750	1575	837	117	720
Smith & Newsom	232	124	356	178	25	153
D. S. Sellars	634	761	1395	697	98	599
T. F. Smith	[illegible]	486				
A. D. Swain	4					
E. L. Strickland	20	25	45	22	03	19
J. L. Tucker	211					
Mack Tyner	24	13	37	19	03	16
C. B. Waller	649	493	1142	571	80	491
S. M. Waters	39	40	79	40	05	35
Waller & Chapin	97	71	168	84	12	72
Henry Wester	336	224	560	280	39	241
CE & ME Worthington	351	302	653	326	45	281
Wickersham, Shelly	70					
Youngstown N. S. Co.	1354	1402	2756	1378	192	1186
C. C. Yates	244					

/s/ A. F. Paduick
Vice President
WEST FLA. NAVAL STORES CO.

I, HEREBY CERTIFY That the foregoing is true to the best of my knowledge and belief.

/s/ A. F. Paduick

Sworn to and subscribed before me this 1st. day of December, 1934.

/s/ G. C. Richards
Notary Public

My commission expires:

Notary Public
My commission expires March 19, 1935.

	1922 Units	1924 Units	2 Prev Total	[illegible]	[illegible]	Im Total.
Pine Log Turp Co.	861	[illegible]	[illegible]	[illegible]	39	[illegible]
Blue Turp Co.	865	420	732	[illegible]	34	865
H. S. May	[illegible]	34	22	10	82	14
Diamond Turp Co.	311	[illegible]	341	272	32	855
Sandy Creek T. Co.	882	720	1170	857	117	720
Smith & Brown	882	124	302	172	82	120
D. B. Sullivan	634	771	1140	897	92	899
T. F. Smith	[illegible]	[illegible]	485			
A. D. Bush	[illegible]	4				
W. L. Strickland	31	[illegible]	42	22	[illegible]	19
Sandy Creek						
J. L. Tucker	111					
Bank Trust	31	11	37	10	02	18
S. S. Tailor	447	1422	471	00	441	
C. M. Powers	37	40	72	40	08	32
Sailor & Cloris	47	71	122	64	12	72
Henry Water	322	424	320	320	39	341
GE & HM Worthington	321	224	222	322	42	321
Wolverhamp, Shelly	70					
Douglas Co.	322					
Douglas M. S. Co.	1424	1427	1756	1272	722	1126
G. G. Yates	341					

/s/ A. T. Peebles
Vice President
THE PIA. METAL WORKS CO.

I, HERBERT SMITH that the foregoing is true to the best of my knowledge and belief.

/s/ A. T. Peebles

Sworn to and subscribed before me this 1st. day of December, 1924.

/s/ [illegible]

My commission expires:

Notary Public
My commission expires March 19, 1928.

Daphne, Alabama,
December 6, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:

I beg to respectfully submit that I am positively in favor of the proposed amendment to the existing Marketing Agreement for Gum-Turpentine and Gum-Rosin processors.

During the season of 1933 I produced and marketed 62 barrels of Turpentine, and had made arrangements to make 100 barrels during the season of 1934, long before the existing Marketing Agreement went into effect. Under the four year average provided for in the existing Marketing Agreement I was allotted only 36 barrels of Turpentine, while a great many of the large operators not only did not have to reduce their production but, on the contrary, were able to increase same materially. It is my understanding that the allottment that I will receive for 1935 will be smaller than that of 1934, so if the existing Marketing Agreement continues in effect I will ultimately wind up with no allottment at all, while the allottments of the preferred class will be increased materially.

While the proposed amendment will not give me the relief which I need, and to which I believe I am entitled, still it is so much better than the four year average that I am, as stated above, very much in favor of it. I would suggest, however, a further amendment to the effect that where an old processor finds himself with an average of 75%, or less, of his 1933 production that he be considered a distress case, and get relief from the 2% of the crop set aside for that purpose.

I have already suffered a heavy loss due to the existing Agreement, and sincerely trust that you will approve the proposed amendment.

Yours very truly,

/s/ E. L. Lawson

Subscribed and sworn to
before me this 6th day
of December, 1934.

/s/ Annie E. Curry
Notary Public, Mobile County, Alabama.

Dothan, Alabama,
November 6, 1958.

Hon. Ezra T. Benson,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:

I hate to respectfully submit that I am positively in favor of the proposed amendment to the existing Marketing Agreement for Sun-Dried Raisins and Sun-Dried Prunes.

During the season of 1955 I produced and marketed 22 barrels of Thompsons, and had made arrangements to sale 100 barrels during the season of 1956, long before the existing Marketing Agreement went into effect. Under the four year marketing provided for in the existing Marketing Agreement I was allotted only 22 barrels of Thompsons, while a great many of the large growers and only did not have to reduce their production, but, on the contrary, were able to increase some materially. It is my understanding that the allotments that I will receive for 1959 will be smaller than that of 1956, so if the existing Marketing Agreement continues in effect I will ridiculously end up with no allotment at all, while the allotments of the preferred class will be increased materially.

While the proposed amendment will not give me the relief which I need, and to which I believe I am entitled, still it is so much better than the four year average that I am, as stated above, very much in favor of it. I would suggest, however, a further amendment to the effect that where an old producer fails (usually with an average of 750, or less, of his 1956 production that he be considered a distress case, and get relief from the 5% of the crop set aside for that purpose.

I have already suffered a heavy loss due to the existing Agreement, and sincerely trust that you will approve the proposed amendment.

Yours very truly,

/s/ A. L. Lowman

Subscribed and sworn to
before me this 6th day
of December, 1958.

/s/ Jerry L. Carr
Notary Public, Houston County, Alabama.

My commission expires never.

Loxley, Alabama,
December 6, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:

I beg to respectfully submit that I am decidedly in favor of the proposed amendment to the existing Marketing Agreement for Gum-Turpentine and Gum-Rosin processors.

During the year of 1933 I produced and marketed 457 barrels of Turpentine, and had made arrangements to make 550 barrels during the season of 1934, long before the existing Marketing Agreement went into effect Under the four year average provided for in the existing Marketing Agreement I was allotted only 260 barrels of Turpentine, while a great many of the large operators not only did not have to reduce their production, but, on the contrary, were able to increase same materially. It is my understanding that the allottment that I will receive for 1935 will be smaller than that for 1934, so if the existing Marketing Agreement continues in effect I will ultimately wind up with no allottment at all, while the allottments of the preferred class will be increased yearly.

While the proposed amendment will not give me all the relief which I need, and to which I believe I am entitled, still it is so much better than the four year average that I am, as stated above, very much in favor of it. I would suggest, however, a further amendment to the effect that where an old processor finds himself with an average of 75%, or less, of his 1933 production that he be considered a distress case and get relief from the 2% of the crop set aside for that purpose.

I have already suffered a heavy loss due to the existing Agreement, and I sincerely trust that you will approve the proposed amendment.

Yours very truly,

/s/ Wesely Jenkins

WESLEY JENKINS

Subscribed and sworn to
before me this the 6th
day of December, 1934.

Annie E. Curry
Notary Public, Mobile County, Alabama.

Lodge, Alabama,
December 8, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:

I beg to respectfully submit that I am decidedly in favor of the proposed amendment to the cotton-marketing agreement for Georgia and Gen-Texas pro-ducers.

During the year of 1933 I produced and marketed 400 bales of Georgia, and had much difficulty to make 300 bales during the season of 1934. Last year's low marketing limited the growers to 1400 pounds. Under the Gen-Texas average provided for in the marketing agreement I was allotted only 480 bales of Georgia.

While a great many of the large growers not only did not have to reduce their production, but, on the contrary, were able to increase same materially. It is my understanding that the allotment that I will receive for 1935 will be smaller than that for 1934. So if the marketing agreement continues to effect I will virtually wind up with an allotment of nil. While the allotments of the pro-ferred class will be increased greatly.

While the proposed amendment will not give me all the relief which I need, and to which I believe I am entitled, still it is so much better than the Gen-Tex average was I am, in actual money, very much in favor of it. I would suggest, however, a further amendment to the effect that those on old producers (Ga. Gen-Tex) with an average of 1000, or less, of his 1934 production, shall be allotted a 1 - bale-to-acre and get relief from the 3% of the acre, as which are the last producers.

I have already authorized a bale have been sent to the marketing Agreement, and I sincerely trust that you will consider the proposed amendment.

Yours very truly,

Subscribed and sworn to
before me this 8th
day of December, 1934.

/s/ Tommy Hopkins

TOMMY HOPKINS

Lewis G. Cross
Notary Public, Bibb County, Alabama.

THE BRIEF OF

NELIO-RESIN CORPORATION

IN RE: PROPOSED MARKETING AGREEMENT FOR GUM TURPENTINE AND GUM ROSIN PROCESSORS

PROPOSED AMENDED LICENSE FOR GUM TURPENTINE AND GUM ROSIN PROCESSORS

SUGGESTED AMENDMENT TO BASIS OF ALLOTMENT CONTAINED IN PROPOSED MARKETING AGREEMENT AND PROPOSED AMENDED LICENSE FOR PROCESSORS OF GUM TURPENTINE AND GUM ROSIN.

Nelio-Resin Corporation, hereinafter referred to as the Company, files this its brief with reference to the proposed marketing agreement, proposed amended license and suggested amendment to basis of allotment, alleging:

I.

That in order to make this document as brief as possible and to avoid statements of facts previously made that are essential to the understanding of the company's problems, the company humbly requests that this brief be examined only after an examination of its brief filed with the Government during the year 1933, styled: IN RE: PROPOSED MARKETING AGREEMENT, FOR FACTORS, COMMISSION MERCHANTS, AGENTS AND DISTRIBUTORS OF CRUDE GUM, CLEANED GUM, GUM TURPENTINE AND/OR GUM ROSIN, and also the Statement of its attitude made on the 28th day of November, A. D. 1934 at the hearing held at the Mayflower Hotel in Jacksonville, Florida on the subject matter of this brief.

II.

The company avers that never having owned either timber or timber leases, it is foreclosed under the amended license from receiving any allotment or quota. (See copy of letter of C. F. Speh, Secretary of Control Committee, dated November 5, 1934 and hereto attached as Exhibit "A") except for Article 5,

Hello-Aaah Corporation, hereinafter referred to as the Company, files this brief with reference to proposed marketing agreement, proposed amended license and suggested amendment to basis of allotment alleging:

I.

That in order to make this document as brief as possible and to avoid statements of facts particularly as do that are essential to the understanding of the company's problem, the company humbly requests that this brief be accepted only after a consideration of the brief filed with the document during the year 1954, viz.: IN RE: Interstate Licensing, TO WHOM, CONCERNED MEMBERS, HOLDERS AND DISTRIBUTORS OF CHUNK GUM, BLOWING GUM, GUM PRODUCTION AND ON GUM HOUSE, and also the statement of the attitude made on the 20th day of November, A. D. 1954 at the hearing held at the Mayflower Hotel in Jacksonville, Florida on the subject matter of this brief.

II.

The company avers that never having owned either timber or timber leases, it is forecloned under the amended license from receiving any allotment or quota. (See copy of letter of C. F. Hyph, Secretary of Control Committee dated November 8, 1954 and hereto attached as Exhibit "A") except for article 2,

Section 3, subdivisions (a) and (b), page 24, and Article 5, Section I, subdivisions (a) and (b), page 35, under which it is wholly impossible for the company to receive any quota or allotment in keeping with its ability to manufacture and market its product, should the company decide to lease or purchase timber.

III.

(market)

(a) The company calls attention to the fact that in many fields Nelio-Resin is competitive with gum rosin and gum turpentine; that in those fields consumers will prefer the company's product due to the superiority of the product, better adaptability to purpose, cheaper rail rates and costs of manufacture and the company alleges that as time continues, the company will gradually absorb more and more of the market of gum turpentine and gum rosin.

(production)

(b) However, under the existing system, although our competitors may yield to us a continuing greater proportion of market, nevertheless, an unchangeable and immutable control of raw material remains in their hands due to the fact that allotments are made on the basis of prior allotments of which we have none and production for the year 1933 at which time we manufactured about two hundred (200) barrels of Nelio-Resin. In other words the allotments are about to be so frozen that our competitors while yielding markets can throttle our growth at production.

Section B, subdivisions (a) and (b), page 84, and Article 8, Section I, subdivisions (a) and (b), page 88, under which it is duly incorporated for the company to relative by which it allowed in keeping with its ability to maintaining and serve its product, should the company decide to issue or pre-date its claim.

III.

(Method)

(a) The company calls attention to the fact that in many field full-data is comparatively with gas meets and gas turbine; that in these field measures will prefer the company's product due to its superiority of the product, better adaptability to process,cheaper fuel rates and costs of installation and the company claims that as time continues, the company will gradually always more and more of the market of gas turbine in gas field.

(Problem)

(b) However, under the existing system, although our company thinks may yield to be a contributing greater proportion of market, nevertheless, an unmanageable and immediate control of gas material remains in their hands due to the fact that allowances are made on the basis of prior allowance of which we have made and predictions for the year 1930 at which time we anticipated about two hundred (200) barrels of full-basis. We think we have to allowance for so as to see that our competitors will yielding more or the strain our growth of production.

(type of regulation)

(c) The object of the Government, we assume is to limit production and not to set up one class of business as preferred over another class and hence we allege that within the fields of limited production ultimately some method should be used whereby all processors should bid in competition with each other for raw material in keeping with the requirements of their respective markets, and until such method is worked out, exceptions should be made to the existing system of quota allotments to alleviate inequities.

IV.

The Savannah Weekly Naval Stores Review and Journal of Trade of December 1, 1934 quotes Mr. Speh, the Secretary of the Control Board, as speaking of Nelio-Resin Corporation as follows:

> "We have shown them every courtesy but we have told them that there is nothing in the agreement to meet their situation."

This has been the answer to all of our pleas and supplications in the part and yet when the proposed amended license was up for consideration at the hearing held in November of this year, neither Mr. Speh nor any member of the Control Committee nor any representative of the Government offered to put anything in the license to meet our situation and again the company was compelled to sit by and observe a treatment and discussion of the proposed amended license which utterly ignored the company's

(Type of regulation)

(e). The object of the Government, in essence is to limit production but not to set up one class of business as preferred over another class and hence to allege that within the field of limited production ultimately some method should be used whereby all processors should vie in competition with each other for raw material in keeping with the requirements of their respective markets, and until such method is worked out, concessions should be made to the existing system of quota allotments to alleviate liquidation.

IV.

The Saturday Evening Post stores Review and Journal of Trade of December 1, 1934 quotes Mr. Hunt, the President of the Central Union, as speaking of Fruit-Growers Corporation as follows:

"We have shown them every courtesy but we have told them that there is nothing in the agreement to meet their situation."

This has been the answer to all of our pleas and supplications in the past and yet when the proposed amended license was up for consideration at the hearing held in November of this year, neither Mr. Hunt nor any member of the Control Committee nor any representative of the Government offered to put anything in the license to meet our situation and again the company was compelled to sit by and observe - helpless and disconsolate - the proposed amended license which actually ignored the company's

problems. In fact the attitude of the Control Board might be outlined as follows: "This is dogma and while there is nothing in it to meet your situation, conform or be destroyed" and the company has found itself in the position of being required to choose between destruction for failure to conform and destruction by conforming.

The company alleges that the object of the hearing was to devise some satisfactory rule for the governing of the industry and that the rule makers use peculiar logic when they say, "we are sorry that you are being emasculated but what we have devised appears to require it and while we won't change what we have devised we will point out to you some means whereby you might survive the operation" and proceed to talk courteously with us condoling and expressing regrets and informing us that by doing certain things (i. e.; buying gum from our competing processors on their terms) it will be possible for us to live even though it be in a state of perpetual convalescence and at the sufferance of those who love us not.

The Control Committee often makes the point that it does not make the license. The company concedes this point but the company states that the Government issues the license only after close collaboration with the control committee. The company further alleges that the Government at one time attempted to secure tags for us but the effort was frustrated. The company urges that had the control committee spent as much time in working with the Government in an effort to solve our problems

problems. In fact the attitude of the Control Board might be outlined as follows: "This is dogma and while there is nothing in it to meet your situation, conform or be destroyed" and the company has found itself in the position of being required to choose between destruction for failure to conform and destruction by resistance.

The company alleges that the object of the hearing was to devise some satisfactory rule for the governing of the industry and that the rule adopted was peculiar logic when they say, "We are sorry that you are being necessitated but what we have devised appears to require it and while we can't change what we have devised we will point out to you some means whereby you might survive the operation" and proceed to talk conversationally with us confiding and counseling reports and informing us that by doing certain things (i. e.; buying gas from the complaining producers in that area) it will be possible for us to live even though it be in a state of perpetual nervousness and at the sufferance of those who love us not.

The Control Board then makes the point that it does not rule the license. The company concedes this point but the company states that the Government issued the license only after close consultation with the general counsel. The company further alleges that the Government is now illegally in secure hope for us but the effort was frustrated. The company says that the general counsel's office is now like an dealing with the Government is an action to deny us permission

as it has spent in justifying the existing system of allotments or in telling us that we have no problem, then the filing of this brief would be wholly unnecessary.

V.

The company alleges that three methods might be devised to remedy our situation:

(a) By allowing the quota or allotment to remain with the land or timber after the expiration of leases, whereby the company and other processors could bid in competition with each other for the privilege of securing crude gum from that timber;

(b) By continuing the existing system of allotments, i. e.; a system based upon past operations plus timber leases and at the same time allowing the Secretary of Agriculture to relieve the harsh operation of the system by making allotments to those in equity and justice entitled to them but who by reason of the general rule of the existing system of allotments are excluded from receiving the same;

(c) By taking the company out of the amended license and regulating it separately from the rest of the industry.

The company states with reference to the plan outlined in subdivision (a) that even if this plan were devised it would be necessary to issue the company tags until sufficient allotments had gotten out of the hands of the company's competitors as to make an open market for the purchase of crude gum from those

timber holders who had thereby been left with allotments.

VI.

For the year 1935, the company requires a minimum of 75,000 barrels of crude gum, which quantity will operate the company's two plants, one located at Collins, Georgia and one at Jacksonville, Florida at one-third of their capacity and the company alleges that a sufficient number of tags should be issued to it to cover the processing of that quantity of crude gum.

The company alleges that it would buy available crude tagged gum from producers economically adjacent to the company's plants and turn back in at the end of the year the difference between its purchases and the 75,000 tags so allowed it.

The company alleges that very naturally those at present in control of the industry desire to see no increase in the total quantity of production already fixed, but the company alleges that if it is possible by making exceptions to satisfy the ill treated and dissatisfied elements of the industry that it would be better to make those changes or increases at the present time because it will be increasingly difficult to bring about any changes or increases later when further reduction might be desired and the company will still be demanding its first allotment.

The company alleges that its situation ought to be met because its position is peculiar in the industry. The mere fact that Mr. Spch states that "there is nothing in the agreement to meet our situation" concedes that fact because the agreement was so drafted

For the year 1955, the company requires a minimum of 75,000 barrels of crude gas, which quantity will operate the company's two plants, one located at Dallas, Georgia and one at Los Angeles, Florida as one-third of their capacity and the company claims that a sufficient number of tops should be issued to it to cover the processing of that quantity of crude gas.

The company claims that it would buy available crude liquid gas from producers commercially adjacent to the company's plants and thus back in at the end of the year the difference between its purchases and the 75,000 tops so allowed it.

The company claims that very materially those at present in control of the industry seems to see no increase in the total quantity of production already fixed, but the company claims that it is possible by making curtailments to satisfy the 331 treated and differential elements of the industry that it would be better to make those changes of interests at the present time because it will be increasingly difficult to bring about any changes or increases later when further reductions ought to be ordered and the company will still be demanding the first allotment.

The company claims that the allocation ought to be not because its position is peculiar in the industry. The case that the legal status that-there is nothing in the [illegible] "allocation" assumes that [illegible]

as to meet the situation of the processor in the industry and it meets our situation not at all.

The company alleges that its peculiar situation in the industry has been heretofore outlined in its brief filed in 1935, IN RE: PROPOSED MARKETING AGREEMENT FOR FACTORS, ETC., and in its Statement at the hearing of November 21, 1934. The company's likeness to a custom distiller was urged. The company is not sufficiently acquainted with the circumstances and conditions of any single custom distilling business to differentiate its conditions from ours but the company alleges that if any custom distiller is in exactly the same position as the company in all respects, then something had better be done to relieve that custom distiller from his present plight.

VII.

The company calls attention to the fact that it has the exclusive right to manufacture Nelio-Resin under a patent; (See former brief) that the time within which the company has an exclusive right to manufacture its patented product is limited; that the company is required to pay a minimum royalty for the use of that patent even though it manufactures no Nelio-Resin; that these facts demand a rapid growth and expansion on the part of the company; that the company now finds itself in an industry which by reason of the regulations imposed upon it

as to meet the situation of the processor in the industry and it meets our situation not at all.

The company alleges that its peculiar situation in the industry has been heretofore outlined in its brief filed in 1919, in its proceeding against the Alcoa, Mfg., and in its statement at the hearing of October 31, 1924. The company's license is a matter directly in issue. The display in our multiplicity requirement will be a statement and clarification of any alleged existing distinction between the qualities from 1919 and the statement filed herein in any event distinct is merely the same position as the company in its reports, that according to which we have to deal to relieve this system distinct from the present light.

VII

The company calls attention to the fact that it has the exclusive right to manufacture "Silk-Gard" under a patent (the "Gardner patent") but the claim which the company has exclusive right to manufacture the patented product is limited; that the company is required to pay a minimum royalty for the use of that patent even though it manufactures no Silk-Gard; that other firms manufacture a fabric growth and expansion on the part of the company; that the company has finally in the industry which by reason of the regulations imposed upon it

has been frozen in a fashion that makes the company almost completely dependent upon its competitors for the securing of its raw material.

VIII.

The company alleges that it has answered the query of the Federal Government, "Would you have been any better off without regulation?", at the November hearing in Jacksonville of this year.

IX.

As a result of the November hearing of this year the company has been negotiating with a committee composed of members of the Control Board and of the Administration to see if differences could not be reconciled on the question of allotments but thus far it appears that the differences are irreconcilable in that no means of securing an allotment has been offered and the only offer thus far made is that the company try to get as much gum as its requirements demand from its fellow processors who have allotments.

X.

The company, if it is to be regulated by the amended license demands a representation of one man on the control committee. Reading Section 6 of Article II, page 21 with

paragraph 5 of Section 10 of Article V, and with paragraph (b) of Section I, Article VI, page 38, the company doubts that it has the right to vote for members of the control committee but even if those sections may be interpreted to give it a vote in accordance with the purchased number of tagged units processed that vote would be like the vote of a mouse at a convention of cats on regulations of conduct. The company feels that its position is unique and that if we are to be classified and regulated as a class with processors from whom we differ in so many respects, then we should have a representation on the Board which to date has certainly done nothing of a sympathetic nature to assist the company.

XI.

The company recognizes the right of the factors and dealers to attempt to set up a system under which they would be the beneficiaries even if it does redound to the detriment of the company. But the company denies that the Government should aid them in those plans and denies that the Government should sit by and permit such acts to be perpetrated on some of its citizens no matter how minor in an industry those concerns may be.

The company does not like to be at odds with its Government and it may equally be presumed that the Government does not care to persecute its citizens however much some relish our difficulties with the Government and would like to see an enormity and breaking point reached.

paragraph 5 of Section 10 of Article V, and with paragraph (b) of Section 1, Article VI, page 38, the company doubts that it has the right to vote for members of the central committee but even if these sections may be interpreted to give it a vote in accordance with the prescribed number of tagged votes proposed that vote would be like the vote of a mouse at a convention of cats on regulation of product. The company feels that its position is unique and that if we are to be classified and regulated as a class with processors from whom we differ in so many respects, then we should have a representation on the Board which to date has certainly done nothing of a sympathetic nature to assist the company.

II

The company recognizes the right of the Board and Council to attempt to set up a system under which they would be benefitted even if it does reduce to the minimum of the company. But the company feels that the department should did them in these plans but feels that the [illegible] ity and penalty [illegible] to be interpreted in some of its clauses to better the minor in an identity [illegible] ts.

The company does not like to be at odds with the Government and it may equally be presumed that the Government does not care to persecute the citizens however much some feels our difficulties with the Government and would like to see an amicable and treating point reached.

The company does not want to be made to operate illegally during 1935 even if the Government were to refrain from litigation. Like the colonists who formed this country, we will not cease to petition and supplicate a remedy for their wrongs while hope exists. But if every prayer is unheeded, every petition met with courteous indifference and every supplication is ignored, then like those colonists we must accept the issue not because of desire but because others have willed it and hope gone, recourse to the courts alone is left.

We ask that we be not tried by the Agricultural Adjustment Administration in our absence but be permitted to offer fact for fact with those who oppose us, otherwise not knowing what would be offered against us, we cannot controvert it.

NELIO-RESIN CORPORATION,

By /s/Frank L. Fogarty, Mgr.

STATE OF FLORIDA, }
: SS.
COUNTY OF DUVAL, }

Before me the undersigned authority this day personally appeared FRANK L. FOGARTY, who being by me first duly sworn deposes and says: that he is the manager of Nelio-Resin Corporation and duly authorized by it to submit the foregoing brief and to make this affidavit; that the signature attached to the foregoing brief in behalf of the corporation is his signature; that the matters and things alleged in the foregoing brief are true in point of fact except those matters alleged upon information and belief which affiant states are based upon information actually received and belief in that information.

/s/ Frank L. Fogarty, Mgr.

Sworn to and subscribed before me
this 6th day of December, A. D. 1934.

/s/ Robert A. Mills
Notary Public State of Florida at Large

My Commission Expires: Robert A. Mills
Notary Public, State of Florida at Large
My Commission Expires Mar. 15, 1937.

CONTROL COMMITTEE
of the
Marketing Agreement for Gum Turpentine
and Gum Rosin Processors
Barnett National Bank Building
Jacksonville, Florida

November 5, 1934.

C. F. Speh,
Secretary

Mr. Frank L. Fogarty, Manager,
Nelio-Rosin Corporation,
Box 389,
Jacksonville, Florida

Dear Mr. Fogarty:

This acknowledges receipt of your letter of October 27th making application for tags for 75,000 barrels of crude gum. Applications as you know are made under several groups.

1. One to the processor who has been in business and who has produced gum by his own operations and has processed this into turpentine and rosin and sold this turpentine and rosin.

2. Gum tags will be sent to gum sellers, who have produced and sold crude gum in 1934.

3. 3% of the volume to be marketed is set aside to be prorated among new processors who did not process in 1934, and who own or lease timber, quarters and still.

4. 1% of the volume to be marketed is to be prorated among new producers who did not produce and sell crude gum in 1934, but who either own or lease timber sufficient to produce their allotment.

So you can see that on this basis it is required that anyone receiving an allotment must be in a position to produce the gum. Your letter made no mention as to your status of timber ownership or leases.

You will be interested in knowing that the Control Committee is sending the gum tags direct to the gum sellers in 1935.

Respectfully,

(signed) C. F. Speh

C. F. Speh
Secretary

CFS:MR

COPY 504

EXHIBIT "A"

In re: Pages 35-36-37-38
Docket Number MA-250-L-28.

Yellow Pine, Alabama

December 4th., 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

As a Processor of rosin and turpentine as defined in the Marketing Agreement I wish to indorse the suggested amendment to basis of allotment contained in proposed marketing agreement and proposed amended license for Processors of gum turpentine and gum rosin. In connection with this statement I desire to add that the suggested amendment would not benefit me individually, but on the other hand would cause my future allotments to shrink. This however is to be expected in any agreement or amendment to an agreement in some cases, and, it is my desire to stand for some plan or amendment that will work to the good of the industry as a whole and for this reason I have stated as above favoring the suggested amendment.

I wish to call your attention to the plight of many small gum producers in this section of the county, who for the most part own their small plots of timber which they work in connection with their farms, and receive from the sale of their crude gum a sufficient amount of money to enable them to make a living for themselves and family. This was a condition existing before the Marketing Agreement came into effect and now some of them find themselves with an allotment of from 40% to 50% of their 1933 production and although it is my understanding that the control committee wished to reduce the 1934 crop about 10% some of these people find that they have had to reduce their operations 60%.

In order to cure as far as possible, some of the hardships now being endured by these small producers I favor a small monthly exemption of from three to five barrels, whichever, the Secretary might deem advisable per month, for these gum producers, provided, however, that they produced as much as their specific exemption happened to be monthly, during the season of 1933.

Following out the suggestion in the last paragraph named above I would also favor exemption of 50 units for each Processor Signatory to the Marketing Agreement, provided of course, such processor marketed or manufactured as much as 50 units in 1933. The large Processor should receive the same treatment as the small Processor and he too should have an exemption of 50 units.

In re: Tagos 50-32-27-32
Docket Number MA-380-1-68.

Yellow Pine, Alabama

December 4th., 1964.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

In a Processor of rosin and turpentine as defined in the Marketing Agreement I wish to endorse the suggested amendment to basis of allotment contained in proposed marketing agreement and proposed amended license for Processors of gum turpentine and gum rosin. In connection with this statement I desire to add that the suggested amendment would not benefit me individually, but on the other hand would cause my future allotments to shrink. This however is to be expected in any agreement or amendment to an agreement in some cases, and, it is my desire to stand for some plan or amendment that will work to the good of the industry as a whole and for this reason I have stated as above favoring the suggested amendment.

I wish to call your attention to the plight of many small gum producers in this section of the country, who for the most part own their small plots of timber which they work in connection with their farms, and receive from the sale of their crude gum a sufficient amount of money to enable them to make a living for themselves and family. This was a condition existing before the Marketing Agreement came into effect and now some of them find themselves with an allotment of from six to ten M. (M.) LBS production and although it is my understanding that the control committee aimed to reduce the 1964 crop about 10% some of these people find that they have had to reduce their operations one half.

In order to save as many as possible, some of the hardships now being endured by these small producers I favor a small monthly exemption of from three to five barrels, whatever the Secretary might deem advisable per month, for these gum producers, provided, however, that they produced as much as their specific exemption happens to be monthly, during the season of 1963.

Following out the suggestion in the last paragraph named above I would also favor exemption of 50 units for each Processor Signatory to the Marketing Agreement, provided of course, such Processor marketed or manufactured as much as 50 units in 1963. The large Processor should receive the same treatment as the small Processor and be too should have an exemption of 50 units.

In support of the statements contained above I could furnish you with numerous affidavits from gum producers, but if I correctly understand what you wish now, is to have such general summing up of the situation as it now exists in our industry to enable you to reach a conclusion. If there is any additional information or data that might be required by your office I shall be glad to furnish the same.

Yours very truly,

J. A. Scarbrough

By /s/ J. A. Scarbrough

STATE OF ALABAMA
WASHINGTON COUNTY

Personally appeared before me the undersigned authority in and for the said state and county the within named J. A. Scarbrough, who upon oath states that he signed, sealed and delivered the above foregoing instrument for the purpose therein stated.

Ashford, Alabama,
December 6th., 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:-

I beg to respectfully submit that I am in favor of the proposed amendment to the existing Marketing Agreement for Gum-Turpentine and Gum-Rosin processors for the following reason:

During the summer of 1933 I purchased a turpentine farm that I estimated would produce approximately 700 barrels of Turpentine, and made my arrangements accordingly months before the existing Marketing Agreement went into effect. Under the terms of the said Agreement I was allotted only 316 barrels of Turpentine, and was, therefore, forced during the season to cease working a number of crops that I had bought and paid for in good faith.

While the proposed amendment will not give me all the relief which I need, and to which I feel that I am entitled, still I will be so much better off that I am very much in favor of it.

Yours very truly,

/s/ R. C. Adams

Subscribed and sworn to
before me this 6 day
of December, 1934.

/s/ W. A. Wells
Notary Public, Houston County, Alabama.

Graceville, Florida,
December 5th., 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:-

I beg to respectfully submit that I am decidedly in favor of the proposed amendment to the existing Marketing Agreement for Gum-Turpentine and Gum-Rosin processors.

During the season of 1933 I produced and marketed 171 barrels of Turpentine, and had made arrangements to make 200 barrels during the season of 1934 when the existing Marketing Agreement went into effect. Under the four year average provided for in the existing Marketing Agreement I was allotted only 115 barrels, while a number of large operators not only did not have to reduce their production, but, on the contrary, were able to increase same materially.

The allotment that I recently received for 1935 is only 109 barrels, and if the existing Marketing Agreement continues in effect I will ultimately wind up with no allotment at all, while the allotments of the preferred class will be increased yearly.

While the proposed amendment will not give me the relief which I need, and to which I believe I am entitled, still it is so much better than the four year average that I am, as stated above, in favor of it. I would suggest, however, a further amendment to the effect that where an old processor finds himself with an average of 75%, or less, of his 1933 production, that he be considered a distress case, and get relief from the 2% of the crop set aside for that purpose.

I am heavily indebted, and under the allotment which I have received I will not be able to pay more than the interest on my debt, which will ultimately result in my losing everything.

Yours very truly,

/s/ J. E. Miller

Subscribed and sworn to
before me this 5th.
day of December, 1934.

/s/ Fred Tindal
Notary Public, Jackson County, Florida.

Gainesville, Florida,
December 6th., 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Sir:-

I beg to respectfully submit that I am decidedly in favor of the proposed amendment to the existing Marketing Agreement for Cow-Turpentine and Gum-Rosin processors.

During the season of 1933 I produced and marketed 171 barrels of turpentine, and had made arrangements to sell 500 barrels during the season of 1934 when the existing Marketing Agreement went into effect. Under the four year average provided for in the existing Marketing Agreement I was allotted only 113 barrels, while a number of large operators not only did not have to reduce their production, but, on the contrary, were able to increase same materially.

The allotment that I recently received for 1935 is only 104 barrels, and if the existing Marketing Agreement continues in effect I will eliminately end up with no allotment at all, while the allotments of the preferred class will be increased yearly.

While the proposed amendment will not give me the relief which I need, and to which I believe I am entitled, still it is so much better than the four year average that I am, as stated above, in favor of it. I would suggest, however, a further amendment to the effect that where an old processor times himself with an average of 75%, or less, of his 1933 production, that he be considered a distress case, and get relief from the 5% of the crop set aside for that purpose.

I am heavily indebted, and under the allotment which I have received I will not be able to pay more than the interest on my debt, which will ultimately result in my losing everything.

Yours very truly,

(Sd.) J. D. Miller

Subscribed and sworn to
before me this 6th.
day of December, 1934.

(Sd.) Fred Tighe
Notary Public, Alachua County, Florida.

CHIEF HEARING CLERK,
ROOM 4725 SOUTH BUILDING,
U.S.DEPARTMENT OF AGRICULTURE,
WASHINGTON, D. C.

IN ACCORDANCE WITH APPLICATION FOR HEARING FILED IN JACKSONVILLE, FLORIDA, NOVEMBER 26th., 1934 I SUBMIT THE FOLLOWING:

I oppose all known proposed amendments to the Marketing Agreement as submitted because they fail to properly safeguard the interest of that class of old producers who have curtailed their production during the period of the depression.

There are producers who have a capacity to produce in excess of cups that are actually hung or timber that is in actual process of operation. I refer especially to those producers who have purchased timber land during the past five years but have never commenced operation of all or any portion of this timber due to the low prices of turpentine or for any other reason.

There are producers who have purchased timber leases during recent years upon which actual operations have been postponed by extension of leases at a cost to the party leasing.

There are producers who operated at less than their capacity in 1933 and who also operated at less than capacity during 1934, who have the equipment and the timber resources to increase their production. Under the proposed amendments there is not proper provision for this class of producers.

It is my opinion that we hear considerably more of complaints in proportion to the more nearly satisfied class of producers than would be the case were every producer to avail himself of the opportunity to be heard. It is quite natural that those who are most dissatisfied will show the more interest. It is my further opinion that if amended in its present form there will be a further opposition to the application of the Marketing Agreement.

Any person or firm setting up entirely new operations during the latter half of the calendar year 1933 or since must have been to some extent aware of the probability of some sort of government control; and if anyone began entirely new operations in anticipation of government control he will very likely suffer less under the proposed plan of allotment than will producers of several years experience.

It is my opinion that a producer's potential or available capacity to produce should have some weight in determining his allotment and especially when he has been a land or timber owner for a long period of years, owning land upon which taxes and other expenses will force the working of timber on such land or result in great distress.

Therefore I wish to go on record as opposed to any proposed amendment to Article V of the Marketing Agreement which would eliminate the four year average as a basis for allotments and substitute therefore any period of a lesser number of years.

SIGNED: H. KIRKLAND NAVAL STORES CO.
BY: T. P. Kirkland PARTNER.

I do solemnly swear that the statements herein contained are true to the best of my knowledge and belief.

/s/ T. P. Kirkland

Sworn to and subscribed before me this 12th. day of December, 1934.

/s/ Glion Wales, clerk
Superior Court Coffee Co., Ga.

It is my opinion that a producer's potential or available capacity to produce should have some weight in determining his allotment and especially when he has been a land or timber owner for a long period of years, owning land upon which timber and other expenses will force the working of timber on such land or result in great distress.

Therefore I wish to go on record as opposed to any proposed amendment to Article V of the Marketing Agreement which would eliminate the four year average as a basis for allotments and substitute therefore any period of a lesser number of years.

GIVEN: H. KIRKLAND NAVAL STORES CO.
BY: T. T. KIRKLAND, PRESIDENT.

I do solemnly swear that the statements herein contained are true to the best of my knowledge and belief.

/s/ T. T. Kirkland

Sworn to and subscribed before me this 14th. day of December, 1938.

/s/ Allen Bain, Atty.
Superior Court Clerk Ga., Ga.

Waynesboro, Mississippi
December 4th., 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Docket No. 250 (2)

Dear Mr. Wallace:

It is a fact, well known in this section of the country, that we did not favor the original Marketing Agreement and that it was only after we understood that the Secretary of Agriculture would approve the agreement and that unless we became a party to the agreement that we would not be allowed to market our products, IE, gum turpentine and gum rosin. Then it was that we attached our signature.

Since the Marketing Agreement came into being and we have had an opportunity of observing the conditions surrounding the application of the agreement we are of the opinion that controlled production is of inestimable value to the industry as a whole at the present time and it is our further opinion that some measure of control must be exercised for several years to come.

Feeling as we do the necessity of continued controlled production in the turpentine and rosin industry we desire to assist if we possibly can the several agencies that make up the machinery which operates the Controlled Agreement for our industry, in arriving at some basis of allotment or allocation of units to be manufactured and marketed for the next and succeeding years that would be more fair and more equitable to the great majority of Processors now engaged in the business, then the present method of allotment as contained in the original Marketing Agreement in the shape of the four year average; and for reasons just stated we wish to endorse the Suggested Amendment to Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin as contained in Docket No. Ma-250 L-28 Pages 35 to 38 inc.

At this time we do not know of any fairer basis of allotment that could possibly be put into effect than is contained in the proposed amendments and we further feel that if these amendments be adopted that it will tend to cure many cases of inequality now existing under the original marketing agreement.

The effect of the four year average as contained in the original agreement is to reduce from year to year those allotments or allocations wherein the Processor has already received a serious curtailment in his activities, on the other hand some Processors who have received distinctive advantages under the four year average will continue to receive additional increases from year to year, or as the Marketing Agreement, continues, this to our mind is so subversive of true American or business principles, that fact alone should bring about some needed changes.

Stoneboro, Mississippi
December 4th., 1944.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Docket No. MRO (3)

Dear Mr. Wallace:

It is a fact, well known in this section of the country, that we did not favor the original Marketing Agreement and that it was only after we understood that the Secretary of Agriculture would approve the agreement and that unless we became a party to the agreement that we would not be allowed to market our products, IE, gum turpentine and gum rosin. Then it was that we attached our signature.

Since the Marketing Agreement came into being and we have had an opportunity of observing the conditions surrounding the application of the agreement we are of the opinion that controlled production is of inestimable value to the industry as a whole at this present time and it is our further opinion that some manner of control must be exercised for several years to come.

Feeling as we do the necessity of continued controlled production in the turpentine and rosin industry we desire to assist if we possibly can the several agencies that make up the machinery which operates the Controlled Agreement for our industry, in arriving at some basis of allotment or allocation of units to be manufactured and marketed for the next and succeeding years that would be more fair and more equitable to the great majority of Processors now engaged in the business, than the present method of allotment as contained in the original Marketing Agreement in the shape of the four year average; and for reasons just stated we wish to endorse the suggested Amendment to Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin as contained in Docket No. MR-MRO 1-32 Pages 32 to 36 inc.

At this time we do not know of any further basis of allotment that could possibly be put into effect than is contained in the proposed amendments and we further feel that if these amendments be adopted that it will tend to cure many cases of inequality now existing under the original marketing agreement.

The effect of the four year average as contained in the original agreement is to reduce from year to year those allotments or allocations wherein the Processor has already received a serious curtailment in his activities, on the other hand some Processors who have received distinctive advantages under the four year average will continue to receive additional increases from year to year, or as the Marketing Agreement, continues, this to our mind is no substitute of true American or business principles, that fact alone should bring about some needed changes.

Allow us to say that we would not be benefited to any great extent by the suggested change in the method of allotment and that we have not been seriously crippled in our operations under the four year average but that we see every day the result of the four year average and recognize the inequalities therein.

The small gum seller suffered undue hardships in many instances in 1934, and we would subscribe to some amendment that would allow an exemption of from three to five barrels a month to this gum seller and an exemption of 50 units per year to all processors, provided, of course, that the amount so exempted had been produced or processed during the years 1933 or 1934 by the producer or processor receiving the exemption.

We are prepared to furnish affidavits or additional data covering the situation as outlined above and shall gladly do so upon request.

Very truly,

Boykin & Son

By

STATE OF MISSISSIPPI
WAYNE COUNTY

Personally appeared before me the undersigned authority in and for the said State and County, T. S. Boykin, of and for the firm of Boykin & Son, who upon oath acknowledged that he signed, sealed and delivered the above and foregoing instrument for the purpose therein stated.

_____

Certified in Sec's copy.

Docket No. 250 (2)

State Line, Mississippi.
December 5, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

Owing to the hardships which have been caused by the four year average contained in the original Marketing Agreement, I wish to subscribe to the Suggested Amendment to Basis of Allotment contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin, Docket No. MA-250 L-28.

In explanation of my stand as above I would like to cite you my own case as an example. The season of 1933 I produced 244 units, my four year average was 172 units, my 1934 allotment was 132 units, which was approximately 54 percent of my 1933 production. I had bought the land upon which my cups were hung, and I still owe several payments on this land and timber, now with the increased price brought about by the Marketing Agreement if I could have received an allotment that would have been somewhere near 75 or 80 percent of my 1933 production I could continue to operate and meet my payments.

I would only ask for the same treatment accorded others signatory to the agreement, or as near the same treatment as it is possible to give. I submit that anyone who suffered more than a 20 percent cut of his 1933 production provided of course, that he was in position to produce as much as he did in 1933 would constitute a distress case and some relief must be had from some quarter otherwise many small processors like myself will be forced into the bankrupt court, through no act of ours, but through the application of the four year average as contained in the original Marketing Agreement

I also wish to call your attention to conditions existing among many small gum sellers, these men for the most part own their own timber and from such crude gum as they are able to produce from that timber they obtained the means of a livelihood for themselves and families. Under the existing Marketing Agreement many of these crude gum sellers are allowed to produce such a small amount of their 1933 production that it is causing hardship, and in fact much suffering among those people, and if some way is not worked out where by they can be relieved then a great many of them will be forced to seek relief at the hands of a Government or some Charitable organization.

Yours very truly,

/s/ S. J. Wilkins
S. J. Wilkins

State Line, Mississippi.
December 8, 1934.

Hon. Harry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

Owing to the hardships which have been caused by the four year average contained in the original Marketing Agreement, I wish to subscribe to the Supported Amendment to Basis of Allotment contained in Proposed Marketing Agreement and Proposed Amended License for processors of Cane Sugarcane and Cane Sugar, Docket No. MA-550 I-A.

In explanation of my stand as above I would like to cite you my own case as an example. The season of 1933 I produced 344 units, my four year average was 178 units, my 1934 allotment was 152 units, which was approximately 44 percent of my 1933 production. I had bought the land upon which my crop were hung, and I still owe several payments on this land and timber, now with the increased price brought about by the Marketing Agreement if I could have received an allotment that would have been approximately near 75 or 80 percent of my 1933 production I could continue to operate and meet my payments.

I would only ask for the same treatment accorded others signatory to the agreement, or as near the same treatment as it is possible to give. I submit that anyone who suffered more than a 20 percent cut of his 1933 production provided of course, that he was in position to produce as much as he did in 1933 would constitute a distress case and some relief must be had from some quarter otherwise many small processors like myself will be forced into the bankrupt court, through no act of ours, but through the application of the four year average as contained in the original Marketing Agreement.

I also wish to call your attention to conditions existing among many small gum millers, those men for the most part own their own timber and from such crude gum as they are able to produce from that timber they obtained the means of a livelihood for themselves and families. Under the original Marketing Agreement many of those crude gum millers are allowed to produce such small amount of their 1933 production that it is causing hardship, and in fact much suffering among those people, and if some way is not worked out where by they can be relieved then a great many of them will be forced to seek relief at the hands of a Government or some charitable organization.

Yours very truly,

(S. A. Wilkins)
S. A. Wilkins.

STATE OF ALABAMA
COUNTY OF WASHINGTON.

Personally appeared before me the undersigned authority in and for said State, and county, the within named S. J. Wilkins, who acknowledged that he signed, sealed and delivered the above and foregoing instrument as therein stated.

Given under my hand and seal this the 7 day of December, 1934.

/s/ Wallace R. Pruitt
Notary Public

STATE OF ALABAMA
COUNTY OF WILKINSON.

Personally appeared before me the undersigned authority in and for said State, and county, the within named S. T. Wilkins, who acknowledged that he signed, sealed and delivered the above and foregoing instrument on therein stated.

Given under my hand and seal this the 7 day of November, 1934.

/s/ William L. Smith
Notary Public

Docket No. 250 (2)

State Line, Mississippi.
December 6, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

For the past several years I have been processing gum turpentine and gum rosin from crude gum bought from individual producers, and I have had an opportunity of observing the effect of the original Marketing Agreement upon such crude gum producers as well as myself. After the observation stated above I wish to indorse the Suggested Amendment of Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin, MA-250-L-28.

There are any number of crude gum producers in this section of the country who depend upon the sale of their products for a living, and so far as I have been able to observe these small producers received approximately 75% of their 1933 production in 1934, although it is my understanding that the crop was to be cut approximately 10% for the year of 1934, these small gum sellers had their output reduced 25%.

I am sure that the several agencies of the Government did not contemplate any such conditions when the Marketing Agreement was put into effect, and believing as I do that the Suggested Amendment referred to above will cure many of the hardships now being suffered by the small producers as well as processors, I am advocating the Proposed Amendment.

If a small exemption of 3 to 5 barrels per month for gum producers and 50 units per year for gum processors provided, of course, the aforesaid producer or processor produced or processed the amount of the exemption during the seasons of 1933 or 1934, is feasible, then I would favor those exemptions.

Yours very truly,

N. E. Lucas

STATE OF MISSISSIPPI
Wayne County.

Personally appeared before me the undersigned authority in and for said State and County, N. E. Lucas, who upon oath acknowledged that he signed, sealed and delivered the above and foregoing instrument for the purpose therein stated.

515 CERT. IN SEC'S COPY

Docket No. 280 (M)

Otto Lane, Mississippi.
December 6, 1954.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

For the past several years I have been processing gum turpentine and gum rosin from crude gum bought from individual producers, and I have had an opportunity of observing the effect of the original Marketing Agreement upon small crude gum producers as well as myself. After the observation stated above I wish to indorse the suggested Amendment of Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended Licenses for Processors of Gum Turpentine and Gum Rosin, MA-280-1-GR.

There are any number of crude gum producers in this section of the country who depend upon the sale of their products for a living, and so far as I have been able to observe these small producers received approximately 75% of their 1953 production in 1954, although it is my understanding that the crop was to be cut approximately 10% for the year of 1954, these small gum collers had their output reduced 85%.

I am sure that the several agencies of the Government did not contemplate any such conditions when the Marketing Agreement was put into effect, and believing as I do that the suggested Amendment referred to above will cure many of the hardships now being suffered by the small producers as well as processors, I am advocating the Proposed Amendment.

If a small exemption of 3 to 5 barrels per month for gum producers and 50 units per year for gum processors provided, of course, the aforesaid produces or processor produced or processed the amount of the exemption during the seasons of 1952 or 1953, is feasible, then I would favor those exemptions.

Yours very truly,

STATE OF MISSISSIPPI
Wayne County.

Personally appeared before me the undersigned authority in and for said State and County, N. E. Lane, who upon oath acknowledged that he signed, sealed and delivered the above and foregoing instrument for the purpose therein stated.

Docket No. 250 (2)

State Line, Mississippi.
December 6, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

For the past several years I have been processing gum turpentine and gum rosin from crude gum bought from individual producers and from a small production of my own, and I have had an opportunity of observing the effect of the original Marketing Agreement upon such crude gum producers as well as myself. After the observation stated above I wish to indorse the Suggested Amendment of Basis of Allotment Contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin, Ma-250 L-28.

There are any number of crude gum producers in this section of the country who depend upon the sale of their products for a living, and so far as I have been able to observe these small producers received approximately 75% of their 1933 production in 1934, although it is my understanding that the crop was to be cut approximately 10% for the year 1934, these small gum sellers had their output reduced 25%.

I am sure that the several agencies of the Government did not contemplate any such conditions when the Marketing Agreement was put in effect, and believing as I do that the Suggested Amendment referred to above will cure many of the hardships now being suffered by the small producers as well as processors I am advocating the Proposed Amendment.

If a small exemption of 3 to 5 barrels per month for gum producers and 50 units per year for gum processors provided, of course, the aforesaid producer or processor produced or processed the amount of the exemption during the seasons of 1933 or 1934, is feasible, then I would favor those exemptions.

Yours truly,

T. J. Bailey

STATE OF MISSISSIPPI
WAYNE COUNTY.

Personally appeared before me the undersigned authority in and for said State and County, T. J. Bailey, who upon oath acknowledged that he signed, sealed and delivered the above and foregoing instrument for the purpose therein stated.

Cert. in sec's copy.

Docket No. 250 (2)

State Line, Mississippi.
December 6, 1934.

Hon. Henry A. Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Wallace:

For the past several years I have been processing gum turpentine and gum rosin from crude gum bought from individual producers and from a small production of my own, and I have had an opportunity of observing the effect of the original marketing Agreement upon such crude gum producers as well as myself. After the observation stated above I wish to indorse the Modified Amendment of Terms of Alternate Contained in Proposed Marketing Agreement and Proposed Amended License for Processors of Gum Turpentine and Gum Rosin, No. 250 I-22.

There are any number of crude gum producers in this section of the country who depend upon the sale of their products for a living, and so far as I have been able to observe these small producers received approximately 70% of their 1933 production in 1934, although it is my understanding that the crop was to be cut approximately 10% for the year 1934, there small gum makers had their output reduced 30%.

I am sure that the several agencies of the Government did not contemplate any such conditions when the Marketing Agreement was put in effect, and believing as I do that the Modified Amendment referred to above will cure many of the injustice now being suffered by the small producers as well as processors I am attaching the Proposed Amendment.

If a small exemption of 3 to 5 barrels per month for gum producers and 25 units per year for gum turpentine operations, of course, the aforesaid producer in reference producing, prevented the receipt of the exemption during the season of 1933 or 1934, it seems, then I would favor those exemptions.

Yours truly,

STATE OF MISSISSIPPI
WALTHAL COUNTY.

Personally appeared before me the undersigned authority in and for said State and County, E. A. Tally, who upon oath acknowledged that he signed, sealed and delivered the above and foregoing instrument for the purpose therein stated.

Cert. in sec's copy.

Overstreet, Florida.
December 3rd., 1934.

Chief Hearing Clerk,
Naval Stores Marketing Agreement,
Agricultural Adjustment Administration,
United States Department of Agriculture.
Washington, D. C.

Dear Sir:

I submit to you the following affidavit in support of my claim and petition for an increase in the allotment for 1935 for the number of barrels of gum turpentine and gum rosin which I shall be allowed to produce at my turpentine location at Overstreet (Gulf County) State of Florida, to-wit:

STATE OF FLORIDA.)
COUNTY OF BAY.) ss.

Before the undersigned authority personally appeared W. G. Hardy, to me well known, who, first being duly sworn by me, deposes and says:

1. That he is now 60 years of age and that he has been engaged in the naval stores business for 27 years.
2. That deponent has nine children, all of whom are dependent upon said deponent for support, including also, his wife who is now 48 years of age.
3. That deponent, at his turpentine operation in Gulf County Florida, at Overstreet, Florida (Gulf County) also has about 100 persons, including hands and families, who are all dependent upon said deponent for their living in working in and around deponent's said turpentine place, for their living, working for deponent.
4. That deponent has been allotted only 127 barrels of gum spirits of turpentine, with corresponding number of barrels of rosin to be produced along with said number of barrels of turpentine (approximating 423 barrels of rosin), whereas deponent had made application for the privilege and right to produce 350 barrels of gum spirits of turpentine, and was only allotted 127 barrels as aforesaid.
5. That deponent's entire operation is dependent upon a lease dated January 3rd., 1935, made to him as lessee from Maritime Land Company, a copy of which is hereto attached, marked Exhibit "A"; that it will be noted that under the terms and provisions of said lease it provides that:

   "The party of the second part shall cup and/or back cup all of the pine trees suitable and available for cupping on said premises."

   that deponent is therefore claiming, that under the Proposed Marketing Agreement for Gum-Turpentine and Gum Rosin processors dated November 13, 1934, being Docket No. MA-250; L-28, on page 26 thereof, Section 5, paragraph (h) reading as follows:

   "The quota of any applicant may be adjusted to accord

Ocoeetuset, Florida.
December 3rd., 1966.

Chief Serving Clerk,
Rural Rice Marketing Agreement,
Agricultural Adjustment Administration,
United States Department of Agriculture,
Washington, D. C.

Dear Sir:

I submit to you the following affidavit in support of my claim and petition for an increase in the allotment for 1965 for the number of barrels of gum turpentine and gum rosin which I will be allowed to produce at my turpentine operation at Ocoeetuset, (Unit County) State of Florida, to-wit:

STATE OF FLORIDA,
COUNTY OF ALT.) ss.

Before the undersigned authority personally appeared H. G. Hardy, to me well known, who, first being duly sworn by me, deposes and says:

1. That he is now 60 years of age and that he has been engaged in the naval stores business for 37 years.
2. That deponent has nine children, all of whom are dependent upon said deponent for support, including also, his wife who is now 44 years of age.
3. That deponent, at his turpentine operation in Unit County Florida, at Ocoeetuset, Florida (Unit County) also has about 100 persons, including Negro and Mexicans, who are all dependent upon said deponent for their living in working in and around deponent's said turpentine place, for their living, during the season.
4. That deponent has been allotted only 180 barrels of gum spirits of turpentine, with corresponding number of barrels of rosin to be produced along with said number of barrels of turpentine (approximately 180 barrels of rosin), whereas deponent had no allotment for the previous and right to produce any barrels of gum spirits of turpentine, and was only allotted 180 barrels as aforesaid.
5. That deponent's entire operation is dependent upon a lease dated January 3rd., 1966, made to him as lessee from Maritime Land Company, a copy of which is hereto attached, marked Exhibit "A"; that it will be noted that under the terms and provisions of said lease it provides that:

"The party of the second part shall buy and/or take up all of the gum rosin available for trading or selling.

That deponent is informed and believes, that under the Naval Stores Marketing Agreement for turpentine and gum rosin processors dated November 1, 1965, being docket No. AM-300; L-88, on page 26 thereof, Section 8, paragraph (a) reading as follows:

"The quota of any applicant may be adjusted to accord

with the terms of a lease existing prior to September 14, 1933, requiring the working of a minimum number of crops."

that deponent's operation comes within this provision of said agreement, as his lease is dated January 3, 1935, as above mentioned (Exhibit "A" hereto attached) and as his lease provides that he must cup and back cup all of the available timber suitable for turpentine purposes.

6. That deponent has been advised by his said lessor that this feature of his lease must be carried out; and that deponent will have his lease cancelled unless he works all of said available timber on the lands described in said lease (Exhibit "A" hereto attached).

7. That deponent will not be able to carry on his operation during the season and year of 1935 under the small allotment of 127 barrels as now allotted to him; that should he not be allowed to work all of the timber on said lands, and make at least 350 barrels of gum turpentine (and corresponding number of barrels of rosin), that deponent shall be forced to close out and discontinue his said operation for the following reasons:

   (a) His operation will violate the terms of his said lease (Exhibit "A" hereto attached) as foresaid.

   (b) Deponent will be unable to finance his operation from his factorage house, and has been advised to that effect.

   (c) Deponent will be unable to pay off the amounts due under said lease (Exhibit "A" hereto attached).

and when said operation is discontinued, deponent will have no means of supporting his wife and said nine children; and consequently he will be obliged to let off and discharge all of his employees which will throw upon charity the said 100 persons now dependent upon his said operation for their support, living and sustenance.

8. That deponent has already spent his limited means to cup and work all of the pine timber on said lands described in said lease (Exhibit "A" hereto attached); and that he and his said lessor cannot afford to not work said timber during the year 1935 for the reasons above named, as deponent would thereby lose his entire investment in cupping said timber and the value of the cups themselves together with the aprons on the trees and the cost of labor expended in cupping said timber; and for the additional reason which is most important, that should he now abandon any part of said timber with the cups already on them, and the raw faces exposed to the ravages of fire, that it is more than likely that said faces and timber would be destroyed by fire, and all of the investment a total loss; and would absolutely ruin deponent in his total operation.

9. That even during the depressed recent years when the turpentine and rosin market has been very low, deponent has been able to

with the terms of a lease existing prior to September M, 1955, requiring the working of a minimum number of crews."

that deponent's operation comes within this provision of said agreement, as his lease is dated January 5, 1955, as shown mentioned (Exhibit "A" hereto attached) and as his lease provides that he must cut and haul up all of the available timber suitable for marketing purposes.

6. That deponent has been advised by his said lessor, that his feature of his lease must be carried out; and that deponent will have his lease cancelled unless he makes all of said available timber on the lands described in said lease (Exhibit "A" hereto attached).

7. That deponent will not be able to carry on his operations during the remaining year of 1955 under the small allotment of 127 barrels as now allotted to him; that should he not be allowed to work all of the timber on said lands, and make at least 300 barrels of gum turpentine (and corresponding number of barrels of resin), that deponent shall be forced to close out and discontinue his said operation for the following reasons:

(a) His operation will violate the terms of his said lease (Exhibit "A" hereto attached) as aforesaid.

(b) Deponent will be unable to finance his operation from his features below, and has been advised to that effect.

(c) Deponent will be unable to pay off the amounts due under said lease (Exhibit "A" hereto attached).

and when said operation is discontinued, deponent will have no means of supporting his wife and seven children; and consequently he will be obliged to let off at therefrom all of his employees which will throw upon charity the said 100 persons now dependent upon his said operation for their support, living and maintenance.

8. That deponent has already spent his limited means to cut and work all of the pine timber on said lands described in said lease (Exhibit "A" hereto attached); and that he and his wife is now unable to get work and timber during the year 1955 for the reason above stated, as deponent would thereby lose his entire investment in cutting said timber and the value of the cups themselves together with the expense on the trees and the cost of hard organized in cutting and timber; and for the additional reason which is most important, that should he be forced to cut and timber with the cups already on them, and the sap taken exposed to the rayages of fire, that it is more than likely that said trees and timber would be destroyed by fire, and all of the investment a total loss; and would absolutely ruin deponent in his total operation.

9. That even during the four-odd recent years when the turpentine and resin market has been very low, deponent has been able to

"carry on" his said operation and thereby feed and clothe his family and those laborers dependent upon him; that many operations similar to his, have failed and the employees have become objects of charity and listed under the FERA for food and clothing, but that deponent has "kept going" and intends to do so in the future if he is able; but with the right to only produce the 127 barrels now allotted to him, he will utterly fail and shall be obliged to close out his operation for his factor and his lessor will not permit him to work only enough timber to make 127 barrels; and that he must be able to make the 350 barrels to continue his operation and pay his obligations already incurred and which he will incur next season and year of 1935; and as aforesaid, if he fails, and closes out his operation, he will throw about 100 people out of their livelihood and sustenance, to make of them objects of charity and applicants under the FERA, in a community where such is already over-crowded.

/s/ W. G. Hardy
W. G. Hardy

Sworn to and subscribed before me
on this 3rd. day of December,
A. D. 1934.

/s/ J. E. Churchwell
J. E. Churchwell
Notary Public, State of Florida at Large
My Commission Expires Sept. 8, 1937.